

Voluntary Sector Working Paper

Robin Hood in Reverse: exploring the relationship between income and charitable giving

Beth Breeze

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The Centre for Civil Society
Department of Social Policy
London School of Economics and Political Science
Houghton Street
London WC2A 2AE

Tel: +44 (0)20 7955 7375/7205; fax: +44 (0)20 7955 6038; email: ccs@lse.ac.uk.

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Contents

Abstract	4
Acknowledgements	4
About the author	5
List of acronyms	5
1. Introduction	
2. Policy context	6
3. Literature review	12
Part I: Explaining charitable giving	12
Part II: Explaining charitable receiving	14
Part III: Researching charitable behaviour	16
4. Key findings from policy and literature Review	18
5. Methodology	19
6. Data findings and analysis	26
7. Conclusions	45
8. Policy recommendations	47
References	50
Appendix A: List of interviewees	53
Appendix B: Recoding charitable sub-sectors	54
 Table 1: Descriptive statistics by income group	 23
 Graphs	
1. Variation in standard deviation of the mean within each income group	24
2. Charitable giving as a percentage of income	27
3. Charitable giving as a percentage of income by gender of donor	28
4. Charitable giving as a percentage of income by religiosity of donor	29
5. Charitable giving as a percentage of income by age of donor	31
6. Charitable giving as a percentage of income by donors' educational attainment	32
7. Charitable giving as a percentage of income by size of donors' household	34
8. Charitable giving as a percentage of income by dependent children in donors' household	35
9. Charitable giving as a percentage of income by voluntary activity of donor	36
10. Charitable giving as a percentage of income by attendance at fundraising events	37
11. Charitable giving as a percentage of income by importance of 'warm glow' to donor	39
12. Charitable giving as a percentage of income by donors' seeking repentance for sins	40
13. Charitable giving as a percentage of income by donors' belief in how well charities spend money	41
14. Donors' belief in how well charities spend money by age group	42
15. Charitable giving as a percentage of income to charitable subsectors by ICNPO classifications	43

Abstract

This paper describes and analyses the relationship between income and donations to charity. The hypothesis is that the 'U-shaped curve', said to describe the relationship between income and percentage of income given to charity, takes a different shape if redrawn with the focus on specific socio-demographic, attitudinal and behavioural characteristics of donors.

Survey data on over 1000 current charity donors is used to explore and analyse giving to different charitable sub-sectors in relation to a number of different independent variables including age, gender, household size and attitudes. The analysis demonstrates that individuals on lower incomes consistently give a higher percentage of their income to charity than those on higher incomes.

A negative correlation between income and percentage given to charity has previously been demonstrated and is discussed in the literature. This paper adds to that knowledge by demonstrating that this relationship still exists amongst UK donors in the late twentieth century even when a variety of other factors are controlled, including a wide range of demographic characteristics and personal explanations of giving behaviour and donating to different charitable sub-sectors.

Whilst the findings are remarkably consistent, caution is required. Potential definitional problems in what survey respondents understand by 'charity' and 'charitable giving' has implications for reliability and validity of the data. In other words, do the figures measure what they intended to? Also, the key variables in the survey data upon which this analysis rests are responses to two questions regarding annual income and amount given to charity each year; the accuracy of both these self-reported figures may be affected by error, memory or social desirability bias. However, as the literature supports most of the findings and as the experts interviewed for this paper were generally positive about the findings of this research, some final conclusions and policy recommendations are offered in order to add to our understanding of charitable giving.

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About the author

Beth began her career as a fundraiser and has since moved into related research and policy work, culminating in her role as deputy director at the Institute for Philanthropy, a post she left in 2005. She retains an active interest in fundraising, holds a Certificate in Fundraising Management and is a member of the Institute of Fundraising. In 2006 she began doctoral research at the University of Kent, exploring the question 'Who benefits from philanthropy?'.

List of acronyms

CAF	Charities Aid Foundation
FES	Family Expenditure Survey
GAYE	Give as you Earn
IoF	Institute of Fundraising
ICNPO	International Classification of Non Profit Organisations
IGS	Individual Giving Survey
NCVO	National Council of Voluntary Organisations

1. Introduction

This paper begins with a brief tour of the context in which charitable giving takes place including the historical genesis of individual philanthropy, its study as an academic field of enquiry and a discussion of the role of redistribution in donative behaviour.

An extensive review of the literature considers three key issues: the act of charitable giving, the experience of charitable receiving and the research of charitable behaviour. Whilst the focus here is on giving, it is not possible to separate that act from the consequences of the gift for the donor and the recipient; they are linked, though the precise nature of a causal or other relationship is unclear. A number of theoretical models for better understanding these inter-linked concepts are described, definitional issues are addressed and the conclusion reached that charitable behaviour involves complex and multiple phenomena which are, as yet, not fully understood.

After a description of the methodology, the findings are presented in a series of graphs. Analysis is based primarily on information generated from the literature review and interviews with nine experts.

The conclusion offers a number of potential explanations for the key finding, that donors from lower income groups consistently give away a higher percentage of their income than donors with higher incomes. The paper ends with a discussion of how this work advances our understanding of charitable giving and suggests some policy implications for the voluntary sector.

2. Policy context

Historical background

Whilst philanthropic institutions in Britain can be traced back to Medieval and even Roman times, charitable giving was not formalised until the Tudor period when the 1597 Charitable Uses Act established charity commissioners (whose remit includes the protection of donors' interests), and the 1601 Act which defined charitable activity. These acts still form the basis of our current understanding of, and legislative approach to, charities.

Philanthropy, which had primarily been organised around religious institutions, was increasingly secularised after the destruction of the monasteries instigated by Henry VIII. Charitable giving expanded during subsequent centuries as a result of rising prosperity of the emerging merchant

class. They were responding to increasingly visible and high levels of poverty in return for the immortality that large beneficence brings (Davis Smith, 1995). The nineteenth century is described by some as the 'golden age' of philanthropy (Prochaska, 1990), although what relatively little documentary evidence there is cannot confidently be said to accurately capture donations during that period (Lewis, 1995). Social legislation of the Liberal government at the start of the twentieth century began a process of increased state provision and organisation to meet basic social needs. This culminated in the establishment of the Welfare State in the late 1940s. The latter half of the twentieth century therefore saw the redirection of philanthropy to meet newly identified needs such as homelessness, HIV/AIDS and environmental issues (Lewis, 1999).

The study of giving

Charitable giving had not been closely examined until the establishment of the field of voluntary sector studies in the last decades of the twentieth century. The Wolfenden Committee was established in Britain in 1978 soon after the Filer Commission in the USA had been convened, in part in response to fears about declining donations. Both Wolfenden and Filer precipitated the establishment of research institutions in their respective countries dedicated to the academic enquiry of philanthropy, amongst other issues relevant to the voluntary sector. There are now numerous academic, and voluntary and for-profit organisations engaged in measuring, analysing and explaining charitable giving behaviour.

Much current research and data on the subject of charitable giving is concerned with describing the demographic and psychological characteristics of the 'typical donor'. The well-documented drop in the number of individual donors during the last 10-15 years of the twentieth century, for example CAF's Individual Giving Survey (IGS), NCVO/NOP surveys and Family Expenditure Survey (FES), understandably created the demand to identify who would constitute this shrunken 'core donor' base. The findings, repeated in countless fundraising training sessions, are that good donor 'prospects' are likely to be middle-aged, middle-class, of high occupational status, religious, educated females with children and living in the South East of England.

However, the main longitudinal studies that investigate charitable giving behaviour (FES, IGS and the NCVO/NOP survey) which are used to form the basis of this 'Dorothy Donor' profile, are absolutist in approach, simply counting the amount given by individuals to charitable causes without relating that figure to the context of the individuals' resources. Unsurprisingly they found that the rich give more, but crucially, and often, they did not emphasise the fact that the rich give *proportionately* less than the poor (Hodgkinson, 1990; Clotfelter, 1992; Banks & Tanner, 1997). Taking an absolute rather than relative approach to measuring giving, generates

inaccurate estimates of generosity and an incorrect assumption that charity is a vehicle by which the rich redistribute resources to the poorer in society.

Raising the question

My interest in the relationship between income and charitable behaviour was inspired by Le Grand's *The Strategy of Equality* (1982) and Clotfelter's *Who Benefits from the Non-profit Sector?* (1992). Both take a relative approach to exploring giving and receiving. Although Le Grand's (*op cit*) work is about the public sector, he offers many useful insights that can be applied to research into charitable giving.

Le Grand's (1982) study measures government expenditure on households with different incomes. He concludes that 'almost all public expenditure on the social services in Britain benefits the better off to a greater extent than the poor' (Le Grand 1982:3). Clotfelter's (1992) study demonstrates that in the USA 'relatively few non-profit institutions serve the poor as a primary clientele' (Clotfelter 1992: 22).

Both sets of findings run counter to popular perception of how the public and voluntary sectors operate and raise questions about the redistributive effect of charitable giving in Britain at the start of the 21st century.

Charities are not constitutionally bound to be redistributive and, as discussed below in greater detail, no theories of the voluntary sector necessitate a pro-poor bias. However, popular understanding of, and attitudes towards charitable activity, rest to a large extent upon such assumptions; and many charities both act and are treated as if they are a vehicle by which the more advantaged in society are able to meet indigent need (Odendahl, 1990; Wagner, 2000; Ortman, 1996b). This is why it makes a suitable, and important, subject for analysis.

Charity: the popular perception and the reality

The technical definition of charity relates to the constitutional arrangements governing an institution. This includes adoption of a mission which fulfils a 'head of charity' as specified in the 1601 Act (refined in 1805 by Romilly), operation within a legal framework involving non-distribution of profit, and trustees with specific duties relating to financial and other governance and management tasks. However, in reality there is a gap between this technical definition and the popular perception of what a charity is.

Common usage of the phrase 'it's for charity' whilst shaking a collecting tin or signing up sponsors for a fundraising event, works on the assumption that the term 'charity' suffices as a

short-hand reference for 'something good' that deserves support. The Oxford English Dictionary (1986:131) definition of charity includes 'liberality to those in need or distress; institution or organisation for helping those in need'. However, in reality only a small percentage of charitable benefit is directed to the poor and needy (Clotfelter, 1982). Ortmann (1996a:472) notes 'disturbing evidence that questions the widespread perception that non-profits are in the business of providing for those in need'.

Prochaska (1990), in his historic review of philanthropy argues that the absence of charitable redistribution is not a modern phenomenon. He cites the Christian Mothers Magazine in 1845 which notes '[P]oor contributions, whether we consider the proportion which they bear to the whole wealth of the givers or their aggregate amount are, in effect, beyond all comparison the most important' (1990:368). Nor was a pro-poor orientation, with regard to the distribution of charity, a distinguishing feature of Victorian charity. As Prochaska explains 'the recipients of philanthropy were not invariably at the bottom of the social hierarchy ... the privileged classes looked after their own with an enthusiasm strongly tinged by self-interest' (1990:373-4).

The inability of charity to act as an organ of redistribution and to accurately target the most needy beneficiaries was observed by John Stuart Mill (1866) who noted that charity almost always does too much or too little by lavishing its bounty in one place and leaving people to starve in another. Over a century later, Odendahl (1990:3) finds the same situation: 'Many charities benefit the rich more than they do the poor. The vast majority of non-profit agencies and programs do not primarily serve the needy'. In support of her argument, Odendahl (*op cit*) cites work undertaken by Salamon, Musselwhite & De Vita (1986).

Roberts' 1984 study, which shows less than 10% of giving as charitable in the traditional sense, is cited by Jencks who describes the inaccuracies inherent in the popular view. 'To most people ... 'charity' conjures up images of the rich helping the poor: medieval Lords endowing almshouses, John D Rockefeller giving away dimes or the average citizen tossing money in a Salvation Army kettle at Christmas. Very few ... [charities] ... are 'charitable' in that sense. They are almost all meant to 'do good' but the prospective beneficiaries are seldom indigent and are often quite affluent' (Roberts, 1987:322).

The following studies cited by Clotfelter (1982) also show results which challenge conventional wisdom regarding the beneficiaries of charitable activity. Vickrey (1962) argues that the redistribution effect is minimal because donors tend to give to those only slightly below themselves on the income ladder rather than to the most disadvantaged. Bethell (1978:136) concludes that 'arts funding is in practice an income-transfer program for the upper-middle class'; Shils (1973:3) discusses the 'elitist' character of private American Universities and, finally, Carey's research for the Filer Commission (1977 :1110) finds that grants to help the

powerless and support social change 'are dwarfed by the massive philanthropic contributions made annually in support of education, the arts, health services and the like'.

Wagner (2000:138) asserts that 'charitable work is enshrined in a donor-focused realm essentially concerned with sentiment, not improving social reality'. Furthermore, he argues that 'we all understand implicitly that equity or actual income redistribution to remove poverty is not the point; it is profound symbolism so the rich can bestow their wealth, no matter how small a percentage of their net profits' (Wagner, 2000:85).

In less polemic manner, but nonetheless supporting the same proposition, Clotfelter (1992: 248) concludes that 'the desire to help the poor is only one among many competing objectives and there is no a priori reason for it to be a dominant motivation'.

Is redistribution relevant?

A review of Clotfelter's work by Cnaan (1992:187) raises the question "what warrants redistributive expectations?". Indeed, given that charities are not constitutionally bound to serve the needy, why is the distribution of charitable benefit of interest?

Researchers and analysts of the current voluntary sector landscape do not appear to find it necessary to prove a redistributive role for charities. Salamon (1982) and Taylor & Langan (1996) both refer to the arguments given in each of the main voluntary sector theories, summarised below, none of which articulate a central role for redistribution.

- Contract failure theory (Hansmann 1980) and Voluntary failure theory (Salamon 1987) describe the creation of voluntary organisations as a result of the complementary strengths and weaknesses of the public, private and voluntary sectors.
- Heterogeneity theory (Weisbrod 1977; 1986) discusses fragmented and specialised demand, which can come from rich and poor ends of the spectrum.
- Entrepreneurial theories (James 1987) and Stakeholder theories (Ben Nér 1993) focus on supply-side factors rather than demand from the needy.
- Organisational theories (Knoke & Prenskey 1984, DiMaggio & Powell 1991) suggest that the choice of client focus will be consistent with the professional and organisational goals of the agency.

Taylor and Langan (1996: 73) go on to articulate 'common organising principles within the sector [which] include: operating on trust, accountability to values rather than rules or profit margins, a measure of participation, integration and user and community involvement'. Redistribution is notable by its absence from this list.

This rapid tour of the theoretical landscape shows that the absence of a redistributive or pro-poor orientation is not inconsistent or incompatible with any of the main voluntary sector theories.

Why does this matter?

The reality gap concerning the true redistributive role of charities is important because if the general belief that charities are pro-poor underlies the sector's success in obtaining tax breaks and voluntary support then it could be argued to be operating in a disingenuous if not misleading manner.

Ortmann (1996b:253) notes 'the non-profit sector is not what it pretends - and what it is widely perceived - to be To the extent that its alleged charitable purpose is the basis for numerous tax and regulatory breaks, the non-profit sector has a major problem ... growing public distrust'.

Odendahl (1989: 243) insists that 'the charity system as organised today warrants investigation not only because it benefits the rich to a greater extent than it does others but also because of the prevalence with which the proponents of philanthropy invoke it as an argument against redistribution by the government'. The same author develops this theme in a later publication. '[O]ne explanation for the tendency of the rich to donate money to elite organisations is that until recently they have expected the government to take care of primary human services. Most wealthy people, along with those of lesser means, assume that the federal government is responsible for the welfare state safety net' (Odendahl, 1990:59).

The implications of this policy context are clear. An accurate understanding of charitable behaviour and the redistributive capacity of charity are essential for voters and governments to make decisions about the welfare state. Misconceptions regarding the ability and position of the charitable sector to take care of the poorest and most needy could exacerbate the vulnerable situation of such individuals, who find that neither charity nor the state-provided safety net are big enough to catch them.

3. Literature Review

Part I: Explaining charitable giving

Explanations for charitable giving

If charity does not exist as a vehicle for the rich to assist their fellow, less advantaged men and women then how do we explain the phenomenon of charitable giving? How can we understand a situation where 'people chose to make themselves poorer in order to make someone else richer?' (Bracewell-Milnes, 1990:45). This question becomes even more potent if, as the literature indicates, those with less income are prepared to give away a larger percentage of their limited resources than the rich.

There are two major approaches to explaining the phenomenon of charitable giving. They are as follows.

Approach 1: the influence of neo-classical economics

Those who take what might be referred to as a positivistic or realistic approach, use a framework of analysis based on neo-classical micro-economics, to address the Hobbesian-inspired paradox, of why people should do other than act to their own immediate advantage. These explanations attempt to fit giving behaviour into a universally-shared framework which makes it explicable as a rational course of action in pursuit of certain preferences. Unlike the usual economic model of the selfish utility-maximiser, the assumptions underlying behaviour need to be relaxed or redefined to accommodate altruistic actions (Halfpenny, 1999). This involves allocating a benefit, such as satisfaction or 'warm glow', which 'rational man' achieves through charitable giving.

Kendall and Knapp (1991) provide a thorough review of the main attempts by economists to bring charitable giving behaviour within the remit of neo-classical economic analysis. As Halfpenny (1999:200) explains, 'they all involve recasting the notion of altruism in such ways that it is not a one-sided grant but an exchange in which donors advance their own well-being through their giving'.

For example, Gassler (1990) argues that all individuals include benevolence or altruism in their range of motivations. He claims that charitable activity takes place when people wish to supply a certain good and are not prevented from doing so by fear of free riders. The combination of seeking self-fulfilment by the provision of a good and a disregard for the 'leakage' of benefits to the wider public good, enables the pursuit of charitable objectives.

Rational actor theorists also attempt to explain giving behaviour as the outcome of preference-seeking, rational action, but conceptualise such preferences as the outcome of social interactions rather than as universal or natural phenomena (Becker, 1976; Boudon, 1981; Coleman, 1990).

Evolutionary explanations also come under this umbrella as they cast giving in a utilitarian light such that a mix of self-regarding and other-regarding behaviour offers the best chance for survival (Frank, 1996). Odendahl's (1989;1990) description of millionaire philanthropists, whose giving involves calculated strategies to secure status, peer-group approval, and reproduce social-class norms for themselves and their children, is a good example of this realist approach.

Critics of this type of approach include Gronbjerg (1998) who notes the ideological dominance of the neo-classical economic model, which primarily exists to explain the provision of goods and services by the free market, and is not therefore a model which can necessarily provide insight into the activities of the state and voluntary organisations. More emphatically, Wagner (2000: 83) claims that 'charity belongs to a totally different class of social action than economic or political action ... [because] ... it is symbolic and relies on charisma rather than rationalistic standards'. Titmuss' attempt to explicate the transactions involved in blood donation led him to criticise the 'blinkered pursuit of economic arithmetic ... [by] ... economic theorists who, in assuming God-like mantles, apply the Paretian optimum to increasing areas of social transactions ... [and] ... have been blinded by their own calculus' (1970:284).

Approach 2: Structural and subjective accounts

In response to concerns about the transference of models from economic to social life, an alternative approach has been developed which explains 'giving' as the result of the individuals' attempt to make sense of and relate to their social environment. As each person has only a partial and subjective understanding of the world, these explanations of behaviour do not demand a fully coherent or true account; some do not even ask that it be recognisably true to the individual concerned. Such hermeneutic accounts of 'giving' include social psychological approaches, qualitative sociology and anthropological explanations of behaviour, due to embeddedness in certain social norms.

Douglas (1996) exemplifies this hermeneutic approach. She insists that giving is 'nothing to do with class, or with education, language, race or color, but everything to do with the pattern of claims vested in the cultural environment' (Douglas, 1996:129).

Similarly, Lloyd (1993) believes that the 'habits and practices of giving are intimately linked to national cultures; they are the products of a country's history and of the economic, political and religious forces that have driven its cultural evolution. Giving is different from time to time and from place to place' (Lloyd,1993:209).

Titmuss' approach to giving exists within a similar school of thought. 'Any explanations of gift relationships ... make little sense unless they are set within the totality of values in a society' (Titmuss, 1970: 258). He also argues '[U]ltimately, explanations ... have to be sought in the history, the values and the political ideas of each society' (Titmuss,1970: 236).

Conclusion on explanations for giving behaviour

It is unnecessarily reductionist to try and squeeze the literature to fit the two approaches described above. Most writers acknowledge, and even embrace, the multiple factors that lie behind giving behaviour. As Brown (1997: 183) concludes '[N]o single model captures the motivations that underlie charitable action'.

The preceding review of the literature reflects agreement about the complexity in identifying the nature of motivations that underlie charitable giving. A donor, quoted in Schervish's account of anonymous giving (1994:16), explains his own behaviour as 'running the full gamut of why I give There are things that pull at my heartstrings, things I see as pure need and things ... [I do] ... out of a desire to pay a little back to the community'. He also admits to being motivated by 'ego, prestige and so on'. As Jas (2000 :2) concludes, 'charitable giving is a process of exchange that involves both economic and social values, and that is driven by both selfish and altruistic motives. Approaches that do not take into account the dual character of the exchange will invariably run into difficulties in trying to explain the phenomenon'.

Part II: Explaining charitable receiving

The costs of receiving

The focus thus far on the distribution of charitable benefit presumes that all bounty emanating from charities is consumed equally. However, charitable benefits are also complex and problematic. This section briefly reviews the literature on the costs of receiving.

Le Grand's analysis of the distribution of public expenditure (1982) suggests that there are unequal 'costs of receiving' that fall upon users of services. For example, someone in a permanent job with a good employer can attend a GP or hospital appointment during work hours with no penalty, whereas a low-paid worker might well lose pay. On a bigger scale, a

gifted working class child might be less likely to attend university than a rich child with similar educational attainment because the parents of the former cannot afford the opportunity cost of three years missed wages for the household. Le Grand (*op cit*) also notes the unequal benefits that can be generated by equal expenditure, for example, where education spending is the same for every school child, the child with learning difficulties is likely to have gained less benefit from their schooling than the pupil who gains qualifications and a better paid job. The application of these ideas to the charitable sector is fairly straightforward: we cannot measure benefit by a simple measure of how many services are available to people from different income groups, nor by how much is spent per head. The take-up rate will reflect the costs to the recipient and the actual benefit gained will involve subtle and complex calculations.

Measuring charitable benefit

If we accept Le Grand's position (*op cit*) that benefits cannot easily be measured by outputs, then an alternative calculus is offered by James (1992) who suggests that we consider outcomes in the guise of marginal utility, such that net benefit is calculated as 'willingness to pay' minus 'what is actually paid'. Most authors in Clotfelter's edited collection (1992) assume an equivalence between consumption and benefit, for example, the number of hours spent in church is the amount of benefit received by church-goers. James (1992) criticises this usage-based approach on a number of flanks. Firstly, it is too crude a method to capture qualitative differences in the services likely to be consumed by people of different incomes; an hour at a local amateur dramatic production is unlikely to equal an hour at the National Theatre. Secondly, where non-price rationing is used, for example, in higher education, the marginal willingness to pay will exceed actual costs by different amounts. The greater desire for elite parents to send their children to Oxford or Cambridge University means that rich households gain more 'benefit' per child enrolled at such an institution. Thirdly, usage-based calculations neglect the fulfilment of 'option demand'; for example, the protection afforded by lifeboat stations is a latent benefit to yachters and sea-swimmers, who may disproportionately be rich. Finally, James (*op cit*) notes the associated benefits for employees of charitable organisations; arts and culture charities that employ predominately middle-class staff, become less pro-poor in the process.

Odendahl (1990) expands this cost-benefit discussion with her observation in relation to the psychological costs of receiving benefit. 'Elite philanthropy is not a system that ultimately empowers its recipients. Rather, it forces those who are needy ... to hold out their hands as supplicants. It allows donors ... to establish a new hierarchy of inequality' (Odendahl, 1990:208).

Wagner's (2000) historical account of philanthropy shows similar donor-focused benefits and disregard for the effect on recipients. A list of costs paid historically by American beneficiaries of

charity is cited and includes: forcing the poor to wear a 'P' on their clothes to signify they are in receipt of aid; using the lash as a punishment for pauperism; auctioning the poor, orphans and retarded to non-poor families; degrading and harsh conditions in poorhouses and use of the treadmill in some workhouses.

A final quote from Josephine Shaw Lowell cited in Katz (1986:80) reinforces the view that receiving is not the simple 'good' or positive experience that one might expect. 'It often seems as if charities were the insult which the rich add to the injuries they heap upon the poor.'

Receipt of charitable benefit is rarely, if ever, an uncomplicated transaction with direct advantages for an identifiable individual. Le Grand (1982) and James (1992) reinforce the difficulties in measuring benefit, whilst other authors highlight the emotional costs of receiving benefit, and the possibility that structural inequality is strengthened by the hierarchical nature of charity.

Part III: Researching charitable behaviour

Researching charitable giving

The subject of charitable giving does not command a large space on library bookshelves and very little material relates directly to the research question under consideration here. Those authors who do consider charitable giving, tend to focus on specific perspectives, such as historical accounts (Prochaska, 1990) or the views of millionaire philanthropists (Odendahl, 1989;1990; Schervish, 1992;1994). Almost all take an absolutist approach to donations whereby an 'elite' or 'generous' giver is defined by the size of the donation irrespective of its relation to the donor's resources (Banks & Tanner, 1997; NCVO, 1999).

The absence of a coherent body of literature on the relationship between income and charitable giving is compounded by four issues that consistently affect attempts to research charitable giving. These include:

1. lack of data.
2. definitional problems.
3. presence of intangible and unquantifiable phenomena.
4. affect of social desirability bias.
5. fallacy of misplaced concreteness.

On the first point, Pharoah (1997: 87) notes that it '... comes as something of a shock to discover how little routine, regularly collected data there is on the activities of the non-profit

sector in the UK'. Halfpenny (1999:206) concurs that 'there is only a scattered sociological literature on individual charitable giving, with more on volunteering than on donating money. What work there is on donative behaviour tends to be empiricist in the sense that it is untouched by theoretical reflection'.

The second point, on definitional problems, is reflected in Taylor-Gooby's (1993:12) acknowledgement in the appendix to his analysis of attitudes towards charity that 'the notion of 'charity' used here must effectively refer to what people who answer the questions understand by charity'. There is unlikely to be a consistent comprehension and application of the concept of charity; as Wagner (2000:119) notes '[M]any people are ignorant of what a non-profit organisation is'.

The third problem, the presence of intangible and unquantifiable phenomena, refers to the fact that many aspects of charitable activity are subjectively understood or simply intangible. As Watt (2001:3) notes '[C]haritable giving is a complex behaviour which can serve different functions for different people in different contexts'.

Finally, as giving to charity is seen as a 'good thing', we must beware that self-reported accounts are likely to involve inflated sums and post-hoc rationalisations, of both giving and non-giving behaviour.

The fifth point on the list is that the major terms used in discussions of charitable giving - such as 'charity', 'donor' and 'giving' - involve a 'fallacy of misplaced concreteness' (Whitehead 1967:58). Whitehead's (*op cit*) term refers to the phenomenological red herring involved in using a generic term that gives an appearance of coherence, not justified by the reality of the entity in question.

For example, the term 'charity' is used to refer to a diverse range of activities from soup kitchens to national opera houses. As Hughes (1996: 173) explains, '[P]ublic donations have historically supported everything from monumental buildings, schools, hospitals, the Crusades and the emergence of charities for the relief of suffering'. This diversity is exaggerated by the fact that 'some charities are not charities' (Carnie, 1997:76), and some organisations that look act, and are treated like charities, such as Amnesty International, are not in fact registered by the Charity Commission. Research by NCVO (2000) demonstrates the public's inability to recognise a charity, believing the private sector organisation 'The Body Shop' to be a charity, but not the private school 'Eton', which is, in fact, a registered charity.

A second example of misplaced concreteness involves the term 'charitable giving', which is used to describe a range of transactions that appear similar because they involve the voluntary

donation of money to a registered charity. However, Schwartz (1967) explains how this phenomenon conceals a host of transactions. He claims that 'giving' exists as: a generator of identity; a personal tool in acquiring status and control; a 'gratitude imperative' which compels a reciprocal gift from the recipient; and a technique for the regulation of shared guilt.

A final example of misplaced concreteness is the term 'gift', which has been deconstructed by a number of authors to reveal the different intentions and attitudes that lie behind this allegedly unitary phenomenon. For example, Jencks (1987:324) divides 'giving' into two distinct types of gifts: 'paying your dues' and 'giving away surplus' which are exemplified, respectively, by church donations and larger philanthropic gifts to chosen causes. A further distinction can be made between gifts that are emotionally rewarding in of themselves, and those that involve receiving specific amenities in return. The former are described by Andreoni's 'warm glow theory' (1990), which focuses on the emotional and psychological benefits of giving behaviour. The gift with rewards attached is illustrated by Odendahl (1990) who quotes a woman's explanation of her family's support for arts organisations as '[M]y father is trying to get the most benefit out of his money ... We want our name to be heard ... We want good seats, we want to be invited to all the events so that is the reason why we give' (Odendahl, 1990: 40).

It can be concluded that Whitehead's fallacy of misplaced concreteness is applicable to many of the key terms in the charitable giving debate, and awareness of this phenomenon may help move us to a more sophisticated level of analysis.

4. Key findings from the policy context and literature review

The preceding chapters have considered several of the main contributions to the debate on charitable giving. In sum, the key findings so far include the following.

- Problems in defining charitable behaviour, are compounded by the disjuncture between the popular perception, and reality of charitable distribution.
- The lack of principles in the theory or practice of charity to justify redistributive expectations, sits uncomfortably with the treatment of charitable organisations, by both the state and individuals.
- Charitable giving and receiving are both complex phenomena. Attempts to understand them need to go beyond empirical analysis of rational behaviour, and into consideration of: subjective reflection; processes of meaning-making; issues of identity-formation; and power relations and hierarchies.
- Researching charitable giving involves confronting definitional issues regarding the core concepts in the debate such as 'charity', 'giving' and 'receiving'.

- The 'fallacy of misplaced concreteness' has been suggested as an aid for deconstructing component elements of apparently unitary phenomena.

The following discussion in this paper is informed by the exploration of the policy context and literature. Several themes identified earlier re-emerge in analysis of the data.

5. Methodology

Two research approaches were used to address the question raised with reference to the relationship between income and charitable giving. Firstly, analysis of secondary quantitative data sources; secondly, analysis of qualitative interviews with key informants.

This research approach allowed for triangulation of the findings as well as incorporation of the benefits of drawing on both quantitative and qualitative research methodologies.

Secondary data analysis: advantages and disadvantages

The main research approach employed was analysis of secondary data, which Hakim (1982:1) defines as 'any further analysis of an existing data set which presents interpretations, conclusions or knowledge, additional to or different from those presented in the first report'.

The advantages of using this approach (as listed in research methodology textbooks for example Hakim, 1987, Robson, 1993, May, 1997 and Dale et al, 1988) are as follows.

- Access to better quality and more extensive data, in terms of sample size and number of variables, than time and resources would otherwise have allowed.
- Ability to concentrate on analysis and interpretation rather than the more mundane and time-consuming tasks of collecting and coding data.
- Avoidance of unnecessary repetition of data collection, especially in the context of declining response rates and 'interviewee fatigue'.
- Re-analysis can bring fresh insights into old data. Hakim (1987: 31) notes, 'as a general rule, a second researcher will bring a fresh perspective to the strengths and limitations of any data set and be more innovative in exploiting it'.
- The claim for generalisability, a key criterion for all good research, is strengthened by the use of secondary analysis of a large quantitative data set. Hakim (1987: 152) claims, 'the potential for generalising will usually be greater than with qualitative research and case studies'.

The disadvantages of using this approach (again drawing from Hakim, 1987, Robson, 1993, May, 1997 & Dale et al, 1988) are as follows.

- Lack of control over the content and nature of the data.
- Temptation to adapt the research question to fit the available data.
- Inheriting and reproducing assumptions and errors that may exist in the original data.
- It primarily involves the analysis of quantitative data which may mean losing the depth and understanding of processes and meaning, which cannot be conveyed in numeric measurements.
- The time-lag between collection and publication of data which means that secondary analysis is more dated than research using original data.

The use of unpublished data and triangulation with other research methods goes some way to address the final two disadvantages described above. All research methods involve strengths and weaknesses; those shortcomings that cannot be addressed, can at least be highlighted, in order to alert the reader to possible limitations in the data and analysis.

The secondary data

Professor Adrian Sargeant, formerly of Henley Management College and now at the University of the West of England, kindly allowed me access to unpublished data collected via questionnaires for a 'Charity Donor Survey'. This survey involved a purposive sample of respondents who were current donors on the databases of ten major British charities. Whilst it is not possible to name these organisations, due to confidentiality promised by the original researchers, they are all 'household name' charities that operate on a national scale with three involved in international activity. Almost all are listed in CAF's top 100 fundraising charities (2000), have an annual voluntary income in excess of £10m and employ more than 100 staff. The sphere of activity of these charities covers most of the major sub-sectors of charitable activity including health care, animal welfare, environmental issues, culture, disaster relief, poverty and disadvantage in Britain.

Eliminating data to create an appropriate data set

At the outset the data included 1659 respondents' answers to 26 questions. As 9 of the questions included sets of statements, this meant a total of 165 responses per respondent making almost 300,000 separate cells of data. The first task was therefore to eliminate data superfluous to this enquiry to create a more manageable data set.

As the research question involves exploring charitable giving in the context of income and percentage given to charity, any respondents that had not provided answers to questions relating to their income and to the amount given to charity per annum were eliminated. 310 respondents had not volunteered their income and 425 had not recorded their annual gift to charity. Some overlap in respondents leaving both questions blank necessitated the removal of a total of 583 cases, leaving 1076 respondents who had provided sufficient information for analysis of their giving behaviour, relative to their income group.

Of the 26 questions on the original survey, not all generated pertinent information. Of the remainder, the following were chosen for use in the calculations and analysis.

Demographic questions on:

- gender;
- religion;
- age;
- education;
- household composition; and
- dependent children.

Behavioural questions on:

- volunteering; and
- attending charitable events.

A question on support for specific types of charitable causes was particularly fruitful for this enquiry.

Three attitudinal statements were selected for further analysis, on the basis that they related to interesting comments in the literature, that could fruitfully be explored further:

- satisfaction/'warm glow' attained by giving.
- giving as a way to seek repentance for sins.
- belief in the efficiency of charitable expenditure.

The data was thus reduced to focus on the answers of 1076 respondents to 12 questions, making a dataset containing just short of 13,000 separate pieces of data.

Data manipulation

In order to submit the data to a series of statistical tests, using the SPSS computer package, it was necessary to recode some of the data. In particular, the two key variables of 'income' and 'annual gift to charity' required manipulation.

Manipulation of data on income groups

Survey respondents had described their income as being within a certain range. However, since a specific figure was required for use in calculations, the mid-point of each range was chosen. Therefore, for the purposes of this research, respondents describing their income as 'between £10,000 - £14,999' were considered to be earning £12,500. The exception to this was the top income band described as £40,000 or more. The decision was taken to consider the individuals in this income band as earning £40,000 as no top income was specified. Any estimate beyond £40,000 would have involved guess-work; and, since the next stage involved dividing income by annual gift, the higher the income figure the greater the risk there would be of 'setting up' the rich as apparently lower percentage givers. Erring on the side of caution, by attributing the lowest possible income to the richest group, removed the potential accusation that the data was manipulated to ensure the rich were shown to give proportionately less than the poor.

The lowest income group with incomes below £5,000 contained only 59 respondents. This was around half the sample size of the next smallest income bracket. In order to minimise rogue findings consideration was given to excluding this group or merging it with the next income group up. However, having already made the changes described earlier, the decision was taken not to adjust the data further, but simply to draw attention to the possibility that the lowest income bracket may not produce findings as reliable as the rest of the dataset.

Manipulation of data on annual gift to charity

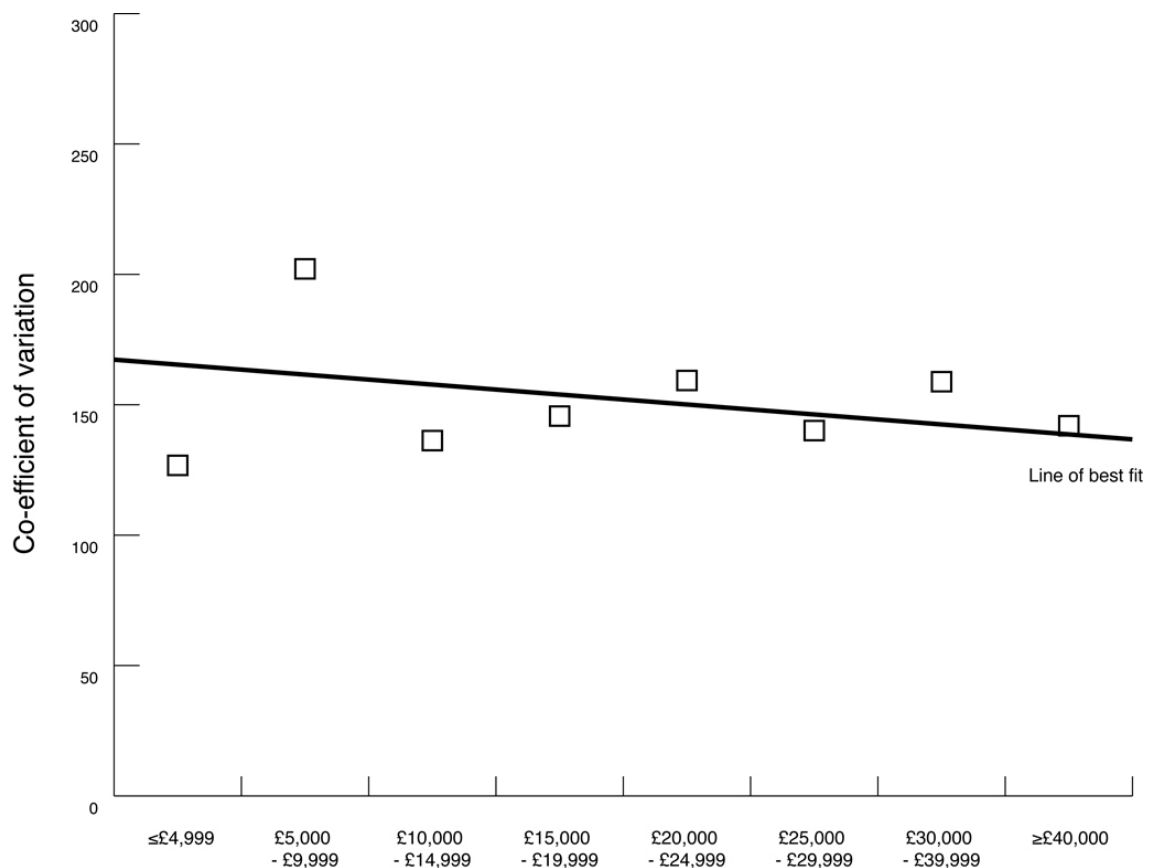
As columns 3 and 4 (minimum and maximum gift) in Table 1 show, there was a great deal of variety in the size of gift within each of the income groups.

Table 1: Descriptive statistics by income group

Income Group	Number of cases	Minimum gift	Maximum gift	Mean gift	Standard deviation	Co-efficient of Variation
1 (<£4,999)	59	3	600	108.50	137.46	126.74
2 (£5,000- 9,999)	99	5	5,000	326.43	659.72	202.10
3 (£10,000- 14,999)	148	1	3,500	418.39	570.05	136.25
4 (£15,000- 19,999)	127	5	5,500	534.39	778.39	145.66
5 (£20,000- 24,999)	137	3	5,500	502.90	801.14	159.30
6 (£25,000- 29,999)	96	5	5,000	579.93	812.40	140.09
7 (£30,000- 39,999)	132	5	6,500	712.34	1131.39	158.83
8 (£40,000)	278	5	7,932	783.91	1112.68	141.94

The mean gift was selected, in preference to using the median or mode. By calculating the standard deviation of the mean within each income group and plotting the resultant coefficients of variation (see Graph 1), the risk of outliers affecting results was found to be low which provided reassurance that the mean is an acceptable value to use in the subsequent analyses.

Graph 1: Variation in standard deviation of the mean within each income group



Data reliability: a note of caution

Questions asking for information on income and size of gifts to charity are susceptible to attracting inaccurate answers. Respondents are likely to inflate descriptions of their salary to reflect their aspirations rather than reality. Jas (2001) notes that '[i]nformation on income is always so unreliable' (interview 6). Recording of gifts to charity are affected by:

- incorrect recall;
- social desirability bias, i.e. wishing to appear generous; and
- a lack of understanding of what a 'charity' is and whether to include purchases from charity shops, raffle tickets, National Lottery tickets etc.

Farsides (2001) states that 'the chances of people being able to accurately answer that question are very slight indeed' (interview 4). However, he goes on to note that, as most people record gifts of less than 5% of income, the figures are not unbelievable, which helps increase

confidence in the validity of the findings (ibid.). Halfpenny (2001) also registered concerns about the data but noted that 'most of the patterns you find are generally accepted' (interview 7).

Interviews

The second main research approach, interviewing, is neatly defined by Robson (1993:228) as 'a conversation with a purpose'. The aim in utilising this approach was to seek richer insights into the quantitative data in order to better understand, rather than just count, the survey responses. Interviews were conducted with a nine experts with first-hand experience of the practice and/or theory of charitable giving. They included.

- senior fundraisers (from Cancer Research Campaign and the Cardinal Hume Centre).
- researchers in voluntary sector umbrella organisations (IoF, CAF and NCVO).
- academics (Universities of Sussex and Manchester and Henley Management College)

A semi-structured interview format was used in which 'questions are normally specified, but the interviewer is more free to probe beyond the answers ...[to] seek both *clarification* and *elaboration* on the answers given' (May 1997:111, italics in original). As the experts interviewed had diverse backgrounds, the original questions devised for the semi structured interview served to constrain rather than help the flow of the discussions. Rather than persevere with the original template, interviews 3-9 were much less structured and consisted simply of asking the experts to comment and offer insights into each of the graphs. This proved much more useful in elucidating relevant contributions from the interviewees.

The interviews were either conducted face-to-face, or on the telephone. Where phone interviews were conducted, this was mostly due to the constraints posed by meeting interviewees based outside London. Notes were taken during interviews and whilst face-to-face interviews were also taped, rather than transcribed verbatim, all interviews were typed up from the notes. Tapes were only used to verify accuracy of quotes. All interviewees were subsequently offered the opportunity to amend or agree quotes attributed to them.

Much of the interview data was used to guide the analysis of the quantitative data. Whilst much of the output of this approach is therefore invisible, I gratefully acknowledge the value of this element to the research and pay tribute to the interviewees who are listed in Appendix A.

6. Data findings and analysis

Structure of this chapter

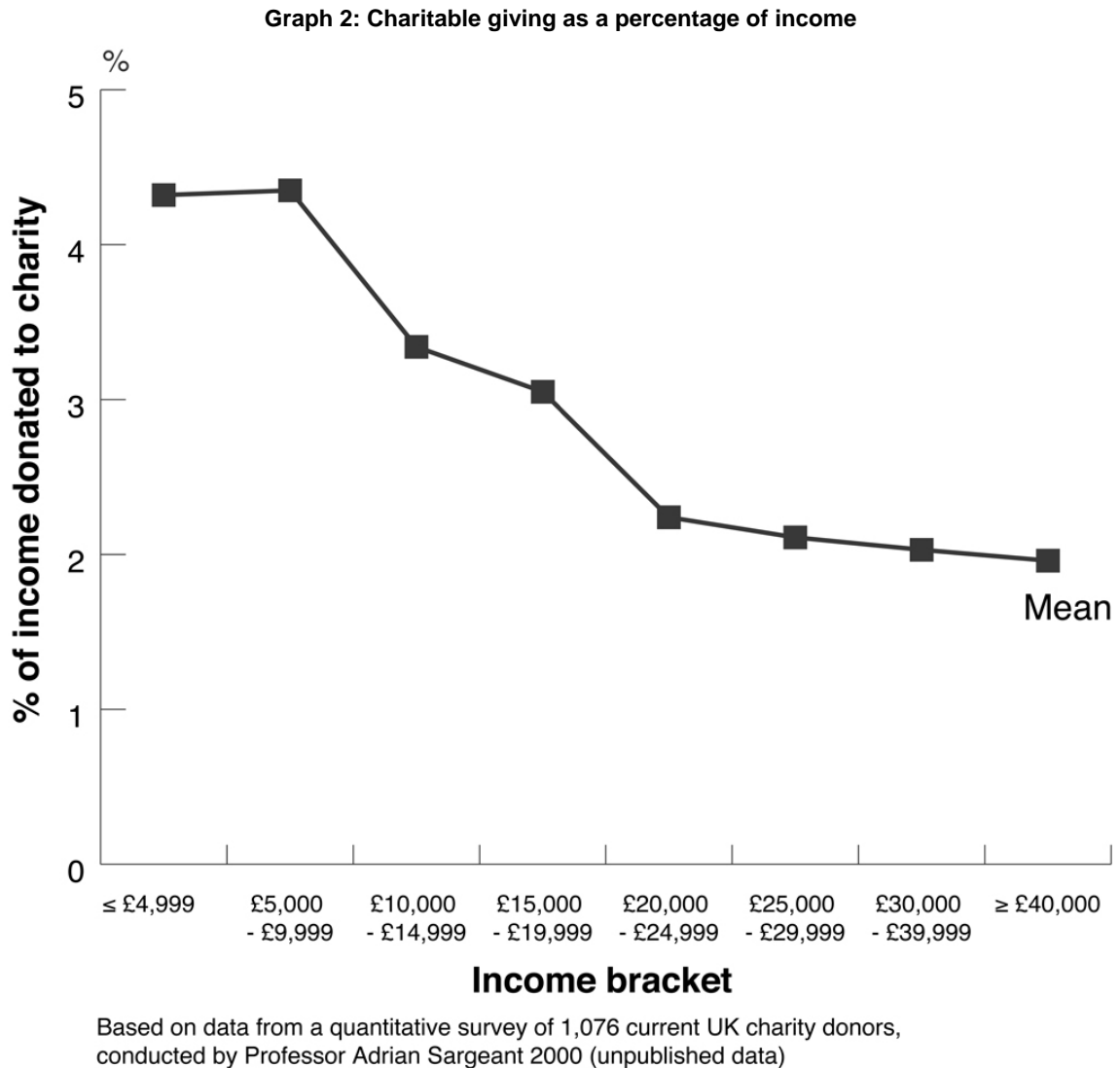
After a brief discussion of the U-shaped curve and the data on income and charitable giving for the full dataset, each of the 12 variables are introduced, and consideration is given to the extent to which the relationship varies when the data is re-drawn to focus on specific demographic, behavioural and attitudinal variables. A preliminary multivariate analysis showed that gender and age were the most potent variables in terms of significance and predictive power. Donor characteristics were examined separately in order to ascertain their specific importance to the question of income in relation to donations.

Original interview data together with Jencks' article (1987) regarding which types of donors give to what causes are used to help explain the findings.

The U-shaped curve

The 'U-shaped curve' describes the pattern of giving, relative to household income, with the counter-intuitive result that the poorest and the richest are shown to donate the most as a percentage of their income (Hodgkinson & Weitzman, 1989:15; Hodgkinson, 1990; Banks & Tanner 1997:6; NCVO, 1999). This picture of regressive giving, described as 'Robin Hood in reverse' (DiLorenzo & Bennett 1994:83) – from whom I gratefully acknowledge the title of this paper – is compounded by Auten & Rudney's analysis (1987) that the rich end of the curve is misrepresentative. This is because 'the reputation of the wealthy for generosity is largely the result of exceptional generosity on the part of a minority of high income givers rather than widespread generosity among the wealthy' (Auten & Rudney, 1987: 9). If we accept this interpretation, we are then left with an inverse correlation between the ability to give and percentage of household income donated to charity.

The overall relationship between charitable giving and income

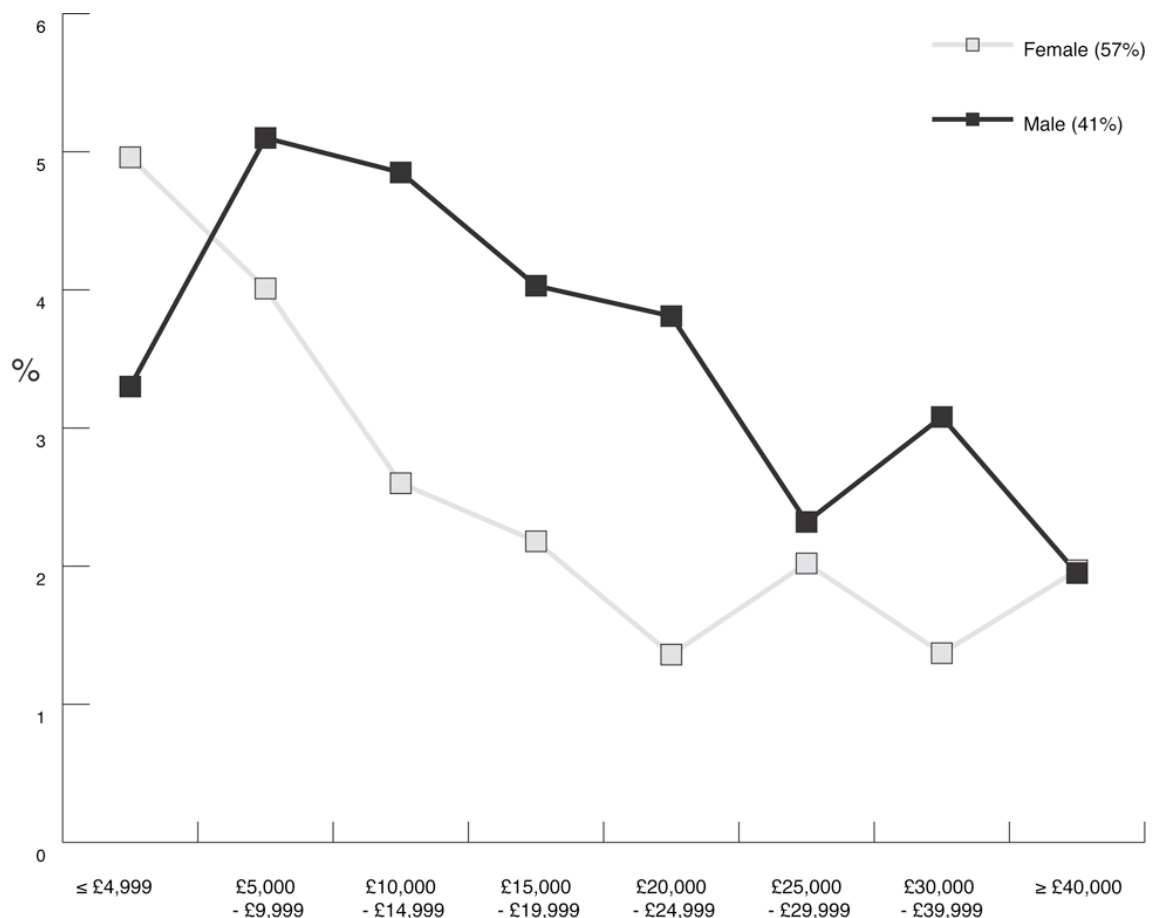


Graph 2 shows the relationship between income and amount given to charity for all 1076 cases in the dataset. There is a negative correlation rather than the U-shaped curve. This may be due to the absence of outlier results of greater generosity in the highest income group, but it is more likely due to the fact that the highest income group is not especially rich at £40,000 or more. As the respondents come from the regular databases of ten major charities, it is likely that the bigger givers (and, by implication the richer donors) are on another, 'elite' database. What we have here, then, is likely to be the first half of a U-shaped curve.

Discussion of specific donor variables

Of the 1076 respondents, 631 were female and 437 were male. There were more female givers than male in this sample; the fact that women live longer than men and that givers tend to be older may provide a straightforward statistical explanation for this phenomenon (Pharoah: interview 9). However, graph 3 shows that men donate a higher percentage of their income to charity. Two interviewees, Johnston (interview 1) and Sargeant (interview 3) confirmed that this finding matched their experience. So while there are fewer male donors, they tend to donate more. Fundraisers often refer to the ‘Dorothy Donor’ caricature which emphasises that the best targets for fundraisers are female, but this result may show it is worthwhile refocusing attention on attracting male donors who, whilst less numerous, may provide larger gifts. However, Jencks (1987) is less sure that such conclusions can be drawn about a gender gap in giving, especially since gender may mask a more important issue of access to resources. ‘The evidence on whether women give more or less to philanthropy than men with comparable resources and obligations is inconclusive’ (Jencks, 1987:327).

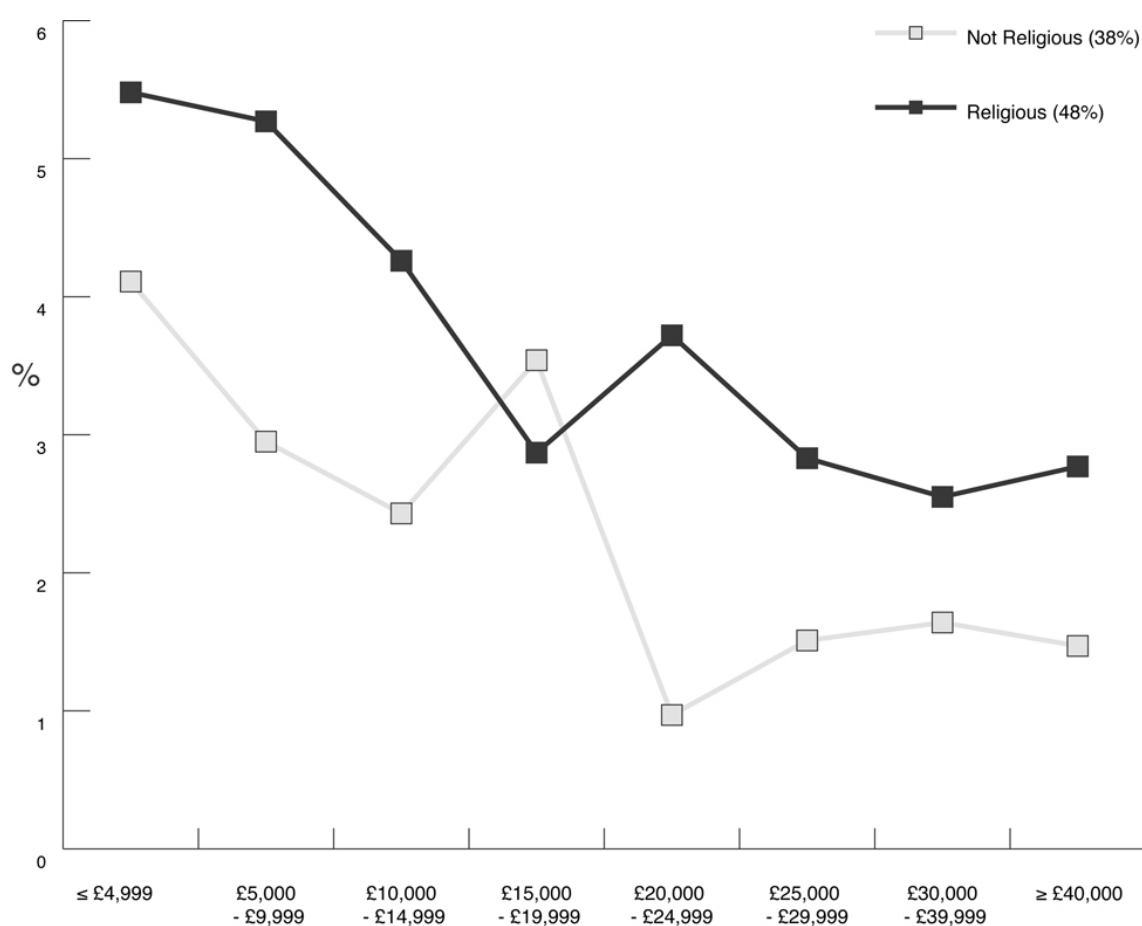
Graph 3: Charitable giving as a percentage of income by gender of donor



Based on Q8 “Are you male or female?” (2% gave no answer)

Halfpenny warns that gender is not always a useful variable because ‘giving isn’t necessarily individual’ (interview 7). Where gifts are agreed within the household then gender becomes irrelevant. Data on gendered gifts can also be affected by who runs the finances in a household. Watt says ‘It’s about control of household finances rather than about the generosity of different genders’ (interview 9). Feminist analyses of intra-household finances (Pahl, 1989; Goode, Callendar & Lister, 1998) have found that women are more likely to control housekeeping money in poorer households, whereas men of all incomes tend to have more personal spending money. Such analyses, suggesting a class bias, illuminate results relating to both lower income and gender-based findings on charitable giving.

Graph 4: Charitable giving as a percentage of income by religiosity of donor



Based on Q19 “How important would you say religion is in your life?”
(14% gave no answer or had no opinion)

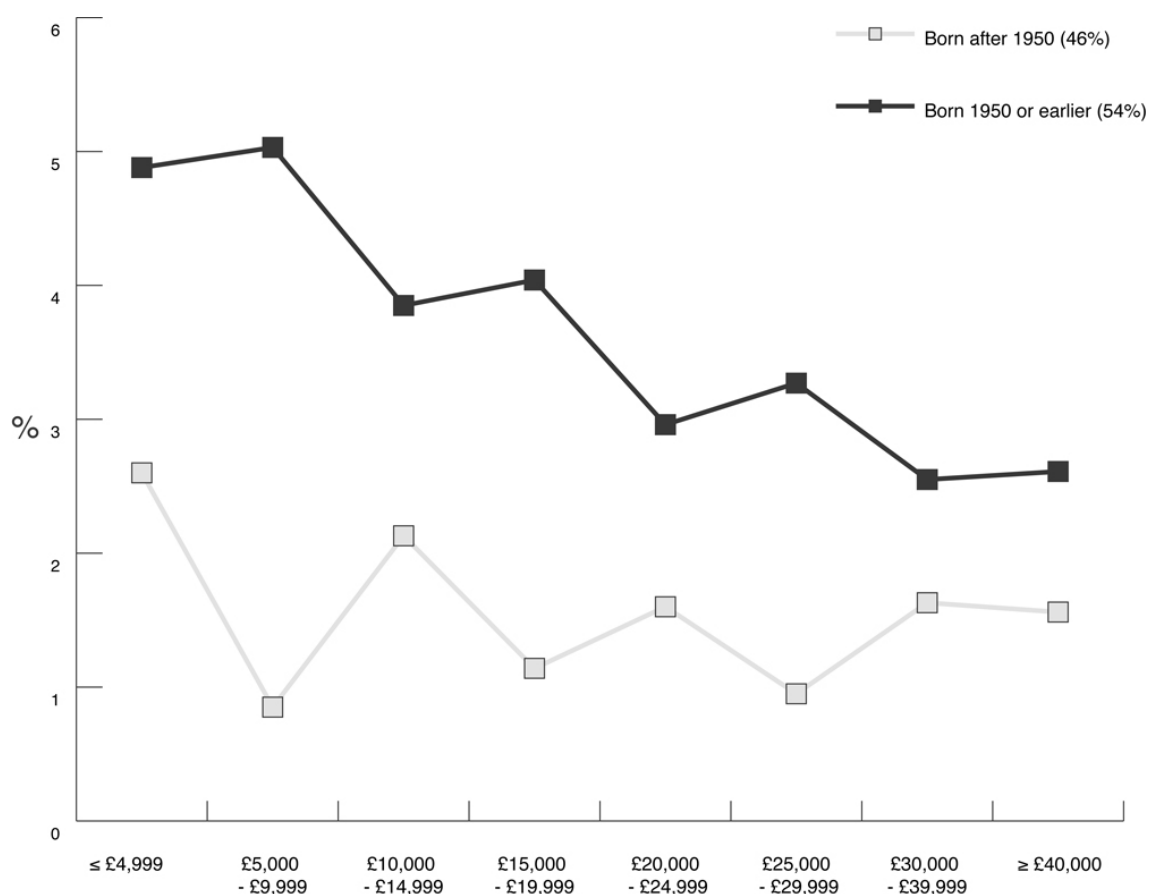
Graph 4 is based on responses to an attitudinal question which asks ‘How important would you say religion is in your life?’. Respondents replied on a 5-point scale from ‘very unimportant’ to ‘very important’. Each end of the scale was reclassified (for instance ‘very important’ and

'important' were added together to create a 'yes' figure) and 'no opinions' were eliminated, which enabled the data to be used in these calculations.

The graph shows that the 514 donors who describe religion as important in their lives tend to give around 1% more than the 412 who disagree with that statement. The 'wobble' in the income group earning between £20,000- 24,999, extends this gap to 3%. This translates into an approximately £675 higher annual donation from religious individuals compared with their non-religious counterparts sharing that same income bracket. Robert Johnston, a fundraiser for a religious charity (interview 1), recognises this phenomenon: 'they attend Mass where they're reminded to help disadvantaged people, then they have the opportunity to put their faith into practice ... there is a link between our work as a charity and Bible teaching'.

Whilst this survey only tells us how much people donate, it would have been interesting to know more about the destination of such gifts, especially for this variable otherwise one interpretation of this data might be that religious givers are more likely to have a pro-poor orientation. However, Biddle (1992:125) describes religious givers as similar to other member or mutual benefit organisations and argues that there is, 'no reason to presume that congregational philanthropic spending should be concentrated exclusively on those in lower-income brackets'.

Graph 5: Charitable giving as a percentage of income by age of donor



Based on Q11 "What was your date of birth?"

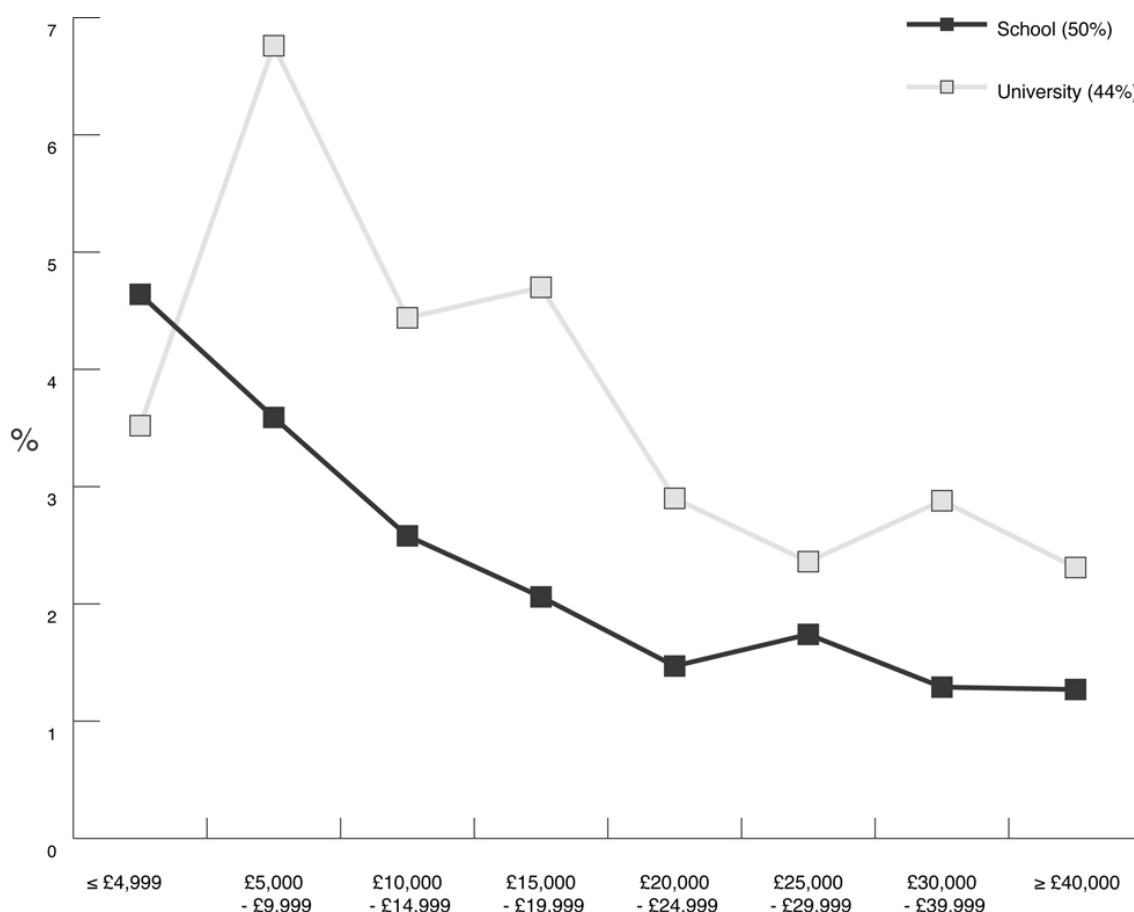
Respondents were asked to give the year of their birth. In order to create two comparable categories, 1950 was chosen as an arbitrary cut-off year, with 586 born in or before 1950 and 490 born after 1950. As the survey was completed in the year 2000, this represents the over 50s and the under 50s.

The younger age group produces one of the few graphs that does not fit the overall pattern of clear negative correlations; instead they are almost flat-lining. They are also giving at much lower percentage levels, around 3% less than the low-income over 50s.

This result correlates well with the literature, which shows that, other factors being equal, older people give away more money than younger people. Feldstein and Clotfelter (1976) make a very specific claim that a one year increase in the age of the head of a household is associated with a 1% increase in average giving.

Robert Putnam's work on social capital (2000) notes a 'watershed' around World War II. He argues that generations born either side of that date have divergent attitudes towards voluntary organisations. Helen Wright, fundraiser at the Cancer Research Campaign, suggests, 'as we get older, we get less self-interested' (interview 2). Wright also suggests that living through wartime experience or being exposed to need is likely to have awakened altruistic impulses. However, Pharoah suggests that the lower financial commitment for older people who have paid off mortgages and have fewer dependants is also important (interview 9). Similarly, Farsides is wary of interpreting this graph as proof of a disinterested, individualistic generation and suggests that the nature of this sample, which is taken from large, established charities' databases, may exclude recording the alternative contribution young people make via more local or radical causes (interview 4).

Graph 6: Charitable giving as a percentage of income by donors' educational attainment



Based on Q12 "At what age did you complete your full time education?" (6% gave no answer)

Respondents were asked to indicate at what age they completed their full-time education. The assumption was made that those finishing before 20 years of age only completed school education (543 cases) and those finishing at age 20 or older (472 cases) had been to university.

This accords with the intention of the survey's author who constructed the question in order to avoid asking respondents to name their highest educational achievement, which can be problematic as the name and nature of qualifications change over the years; for example it avoids having to create separate categories for O levels, CSEs and GCSEs which all measure roughly the same educational achievement.

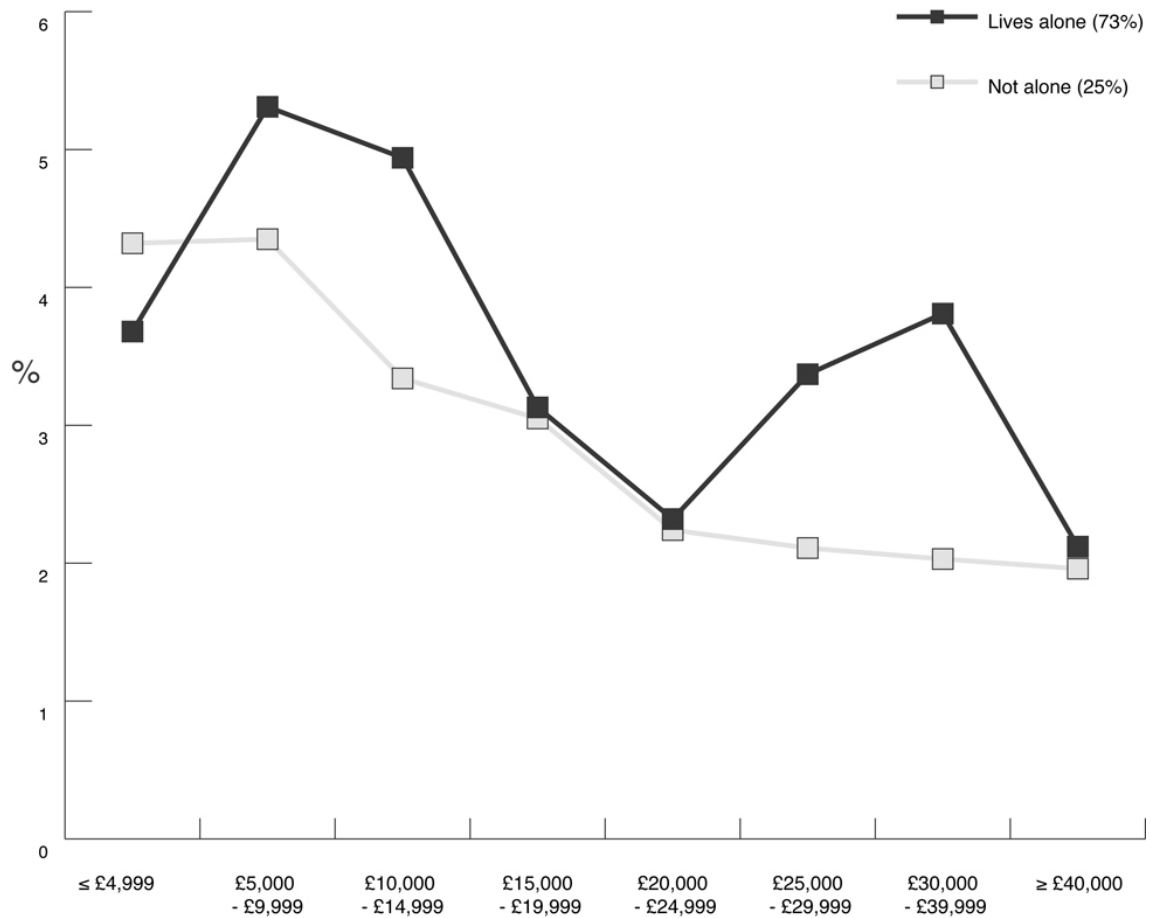
Graph 6 shows a pair of similarly steeped negative correlations with university-educated donors giving on average 1% more than those without degrees.

Jencks cites the Gallup surveys (1979 & 1982) which found that every additional year of education was associated with an 11% increase in the typical respondent's giving pattern. Banks and Tanner (1997) also found that higher education had a very significant effect on giving behaviour. The differences found here are more in the order of between 1-3%. The findings from this research are less dramatic because making income the dependent variable eliminates the strong effects of education on increased income.

As higher income does not explain graph 6, Jas (interview 6) suggests that it may be due to people who attend university being presented with more opportunities to give, such as during rag weeks. Pharoah (interview 8) adds, 'it's possible that people who have been to university have a different outlook and culture'. Such explanations may also be extended to offer a more nuanced understanding of the relationship between education and type of job. It may be that people with different types of jobs are asked to give in different ways and to different types of charity. Whilst a plumber and a teacher may earn similar amounts, the former may be more likely to encounter street collections or telethons, whilst the latter may be more likely to find their name on a list used for direct marketing. Sokolowski theorises this scenario with his proposal that giving is related to the nature of the individual's social ties, interactions and environment, which introduce them to more or less giving opportunities (Sokolowski, 1996).

Graph 7: Charitable giving as a percentage of income by size of donors' household composition and Graph 8: Charitable giving as a percentage of income by number of dependent children in donors' household both consider income and charitable giving in relation to the donor's family ties.

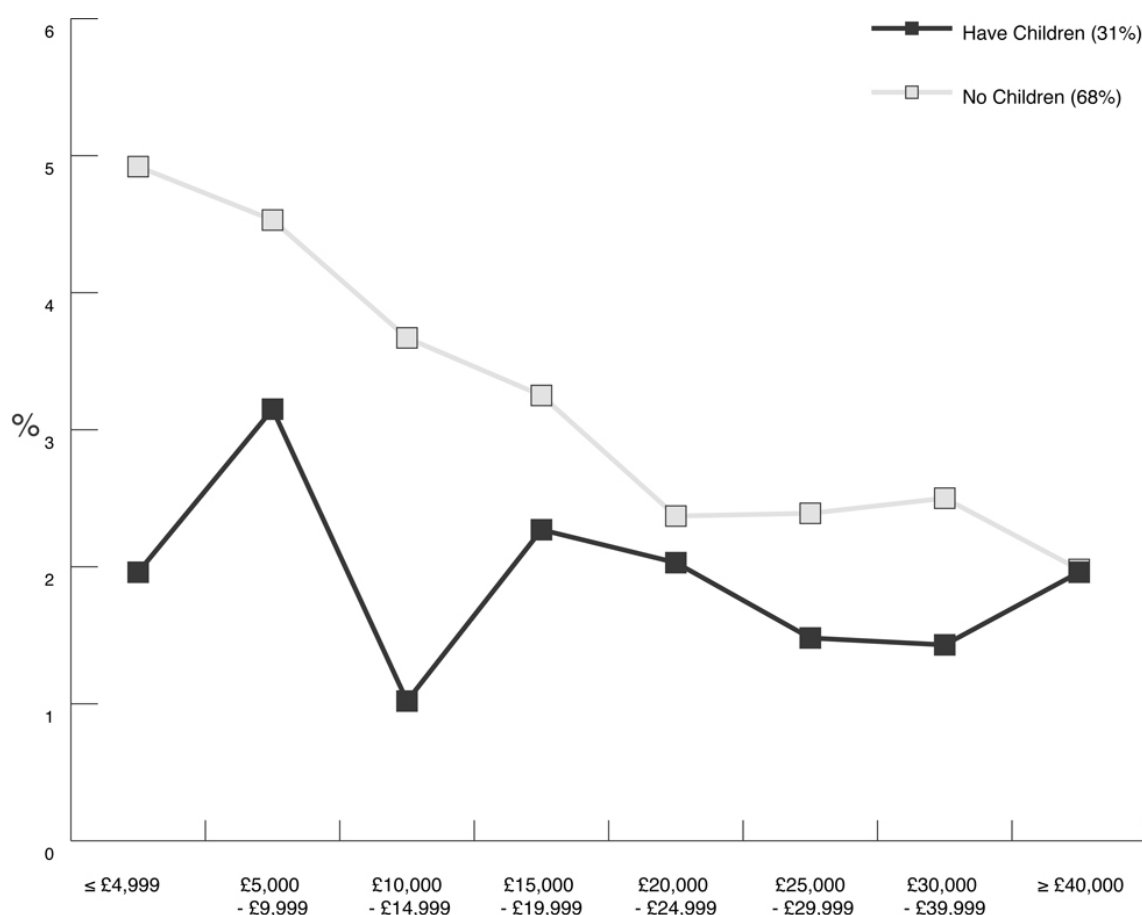
Graph 7: Charitable giving as a percentage of income by size of donors' household



Based on Q13 "How many people are there in your household?" (2% gave no answer)

Graph 7 shows a negative correlation, but no meaningful difference, in amount given between those who live alone, or those who live with others. Graph 8 shows higher relative giving for lower income-people without children, but the disparity disappears for the second half of the graph, which indicates that the presence of dependents, to the extent that it is significant, does not affect giving levels of richer donors.

Graph 8: Charitable giving as a percentage of income by dependent children in donors' household



Based on Q14 "Do you have dependent children living with you at home?"
(1% gave no answer)

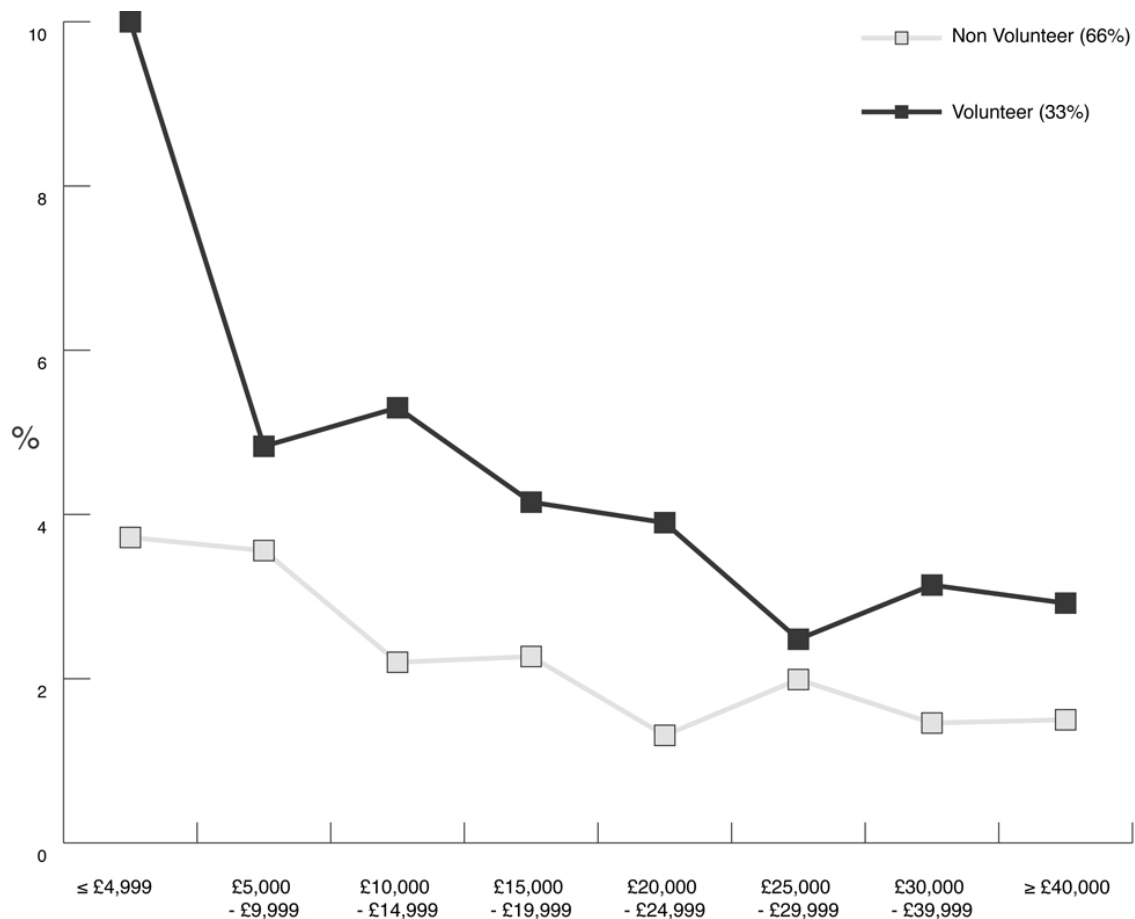
The absence of significant difference for these variables appears at odds with some American literature. Clotfelter (1980) found that people with dependants give more than those with the same income and no dependants; each dependent is said to increase a family's expected level of giving by 6%. Similarly, Jencks (1987: 326) found that 'concern for others is not usually a zero sum sentiment [I]nstead our supply of concern for others appears to expand when we live with other people'.

However, the research findings may well not actually conflict with the US literature as these findings relate to the amount given by donors in relation to their income, rather than their overall propensity to give, which is the focus of the studies cited. For example, Jas claims 'there's an argument that people start giving and volunteering when their children start school because they get involved with sponsored events, school fetes, PTA activity and so on' (interview 6) which, whether true or not, only explains giving versus non-giving behaviour, rather than the amount given relative to income.

Pharoah also notes that the question behind these graphs is rather crude, asking only for the presence or absence of other household members and dependents, rather than their number. The difference in ability to donate is likely to vary between, for example, families with one or four children.

What may be more relevant for both giving and levels of giving is the giving behaviour of others in the same household or similar social group. Margaret Bolton of NCVO says 'If your family give, or you have a perception that your peer group give, then you're more likely to give' (interview 5).

Graph 9: Charitable giving as a percentage of income by voluntary activity of donor



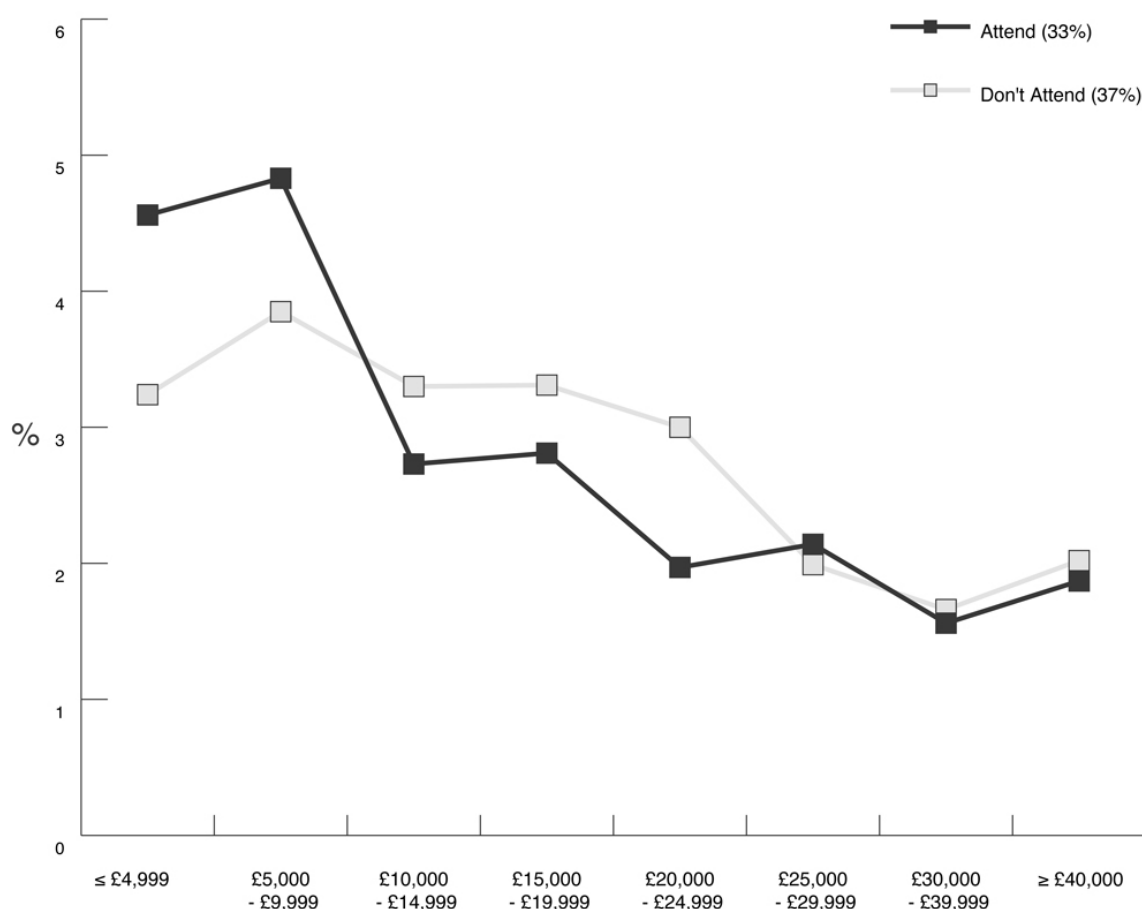
Based on Q3 "Have you engaged in volunteer work for a charity organisation(s) in the past month?" (1% gave no answer)

The first behavioural variable considered here shows the most dramatic finding with low-income volunteers claiming to give away 10% of their income to charity. However, as noted earlier, the small number of cases represented by the bottom income group indicate that the findings for those in the first income bracket need to be treated with caution.

That aside, the 351 respondents who volunteer do show a higher percentage level of giving than the 705 non-volunteers. Pharoah also notes that ‘most of the surveys show that people who volunteer, give more’ (interview 9). This disproves the ‘crowding out’ theory that is rarely articulated but lurks behind fundraisers’ reluctance to ask their volunteers, notably their trustees, to make a donation on top of giving of their time. As Wright says, ‘unlike charities in the USA, we’re too grateful to our trustees and don’t ask them for money when we could’ (interview 2).

Watt comments on the possible causal relationship between giving money and donating time. ‘There is a rather unsophisticated approach taken by all of us in assuming that volunteering and making a donation are somehow separate. I think it’s an artificial distinction because doing one so often leads to the other’ (interview 9). The interesting question is then, whether giving either money or time, is more likely to provide the impetus for one to lead to the other. Future research might involve adapting this enquiry to a dataset of current volunteers.

Graph 10: Charitable giving as a percentage of income by attendance at fundraising events



Based on Q5, statement 8 “How likely are you to respond to any of the following charitable fundraising activities?” (30% gave no answer or no opinion)

No significant difference is discernible in levels of giving between donors who attend charity events and those who do not.

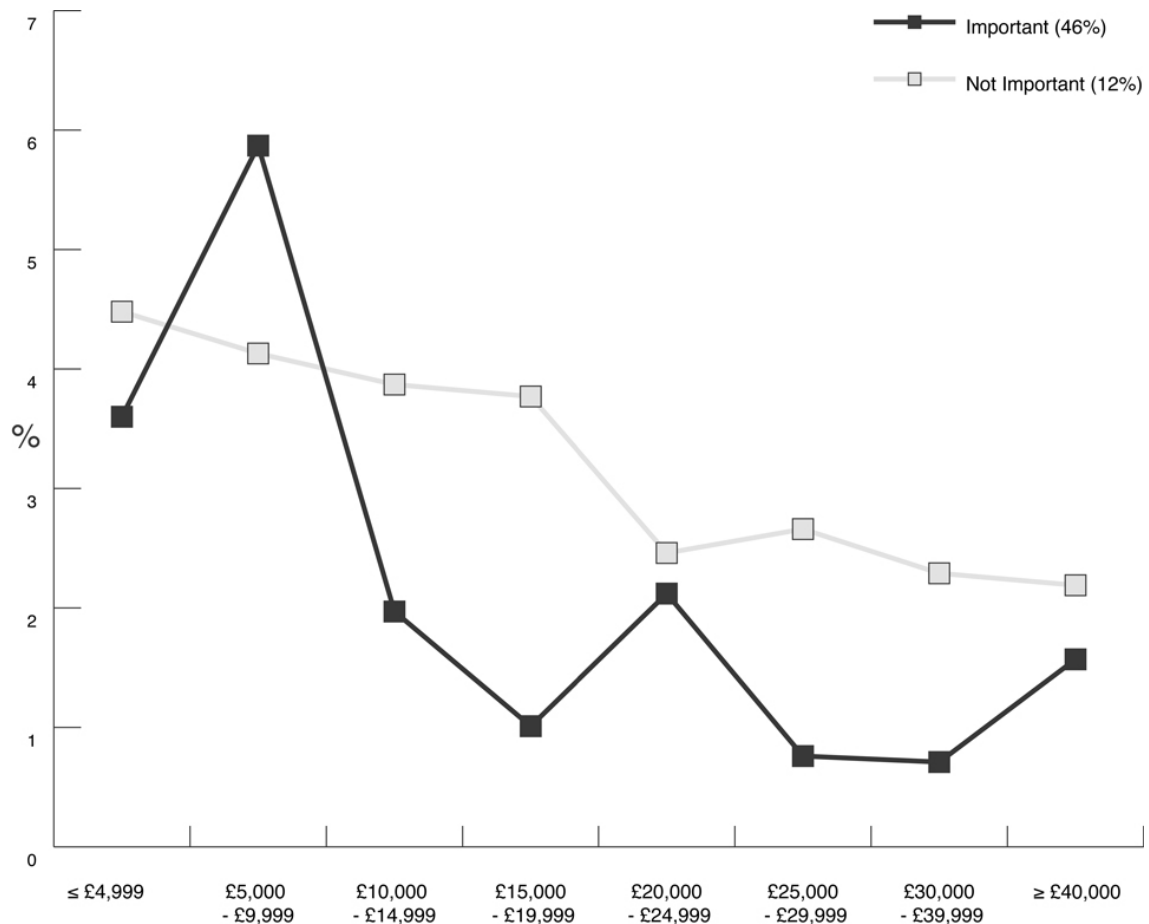
Interest in exploring this variable was ignited by Raban's (1987) amusing account of modern fundraising activity. 'There are so many ailments and afflictions, each with a fund of its own, holding concerts, dances or dinners that the season from September to March is a dizzy whirl from disease to disease' (1987: 76-7). Prochaska's (1990) historical review of philanthropy also describes the mix of charitable activity and recreation that was provided by organisations, such as the Mothers Union and Dorcas groups, which are said to have 'combined compassion, needlework and prayer'. Similarly, Wagner (2000) describes the situation where 'raising and giving money to non-profits appears to be both fun and self-fulfilling insofar as these activities combine sincerity with plain old-fashioned amusement' (2000:118).

However, whilst Johnston acknowledged the small role that charity events can play in attracting donors (interview 1), this data does not indicate that this is a significant factor in giving. The most likely explanation for the disparity between these research findings and the literature cited is that the dataset used here does not pick up the 'social elite' (Pharoah, interview 9). Graph 10 therefore reflects giving at a level well below the big celebrity and high-society events to which, for example, Raban (1987) refers.

In addition, Watt (interview 9) notes the external impetus to attend events, which may be mistakenly construed as support for a particular charity. 'Does attendance at an event indicate what we think it does? It could be more a public statement of interest in a cause than a donation to a specific charity organising that event'.

Graphs 11 & 12: Charitable giving as a percentage of income by importance of 'warm glow' to donor and Charitable giving as a percentage of income by donors seeking repentance for sins.

Graph 11: Charitable giving as a percentage of income by importance of 'warm glow' to donor

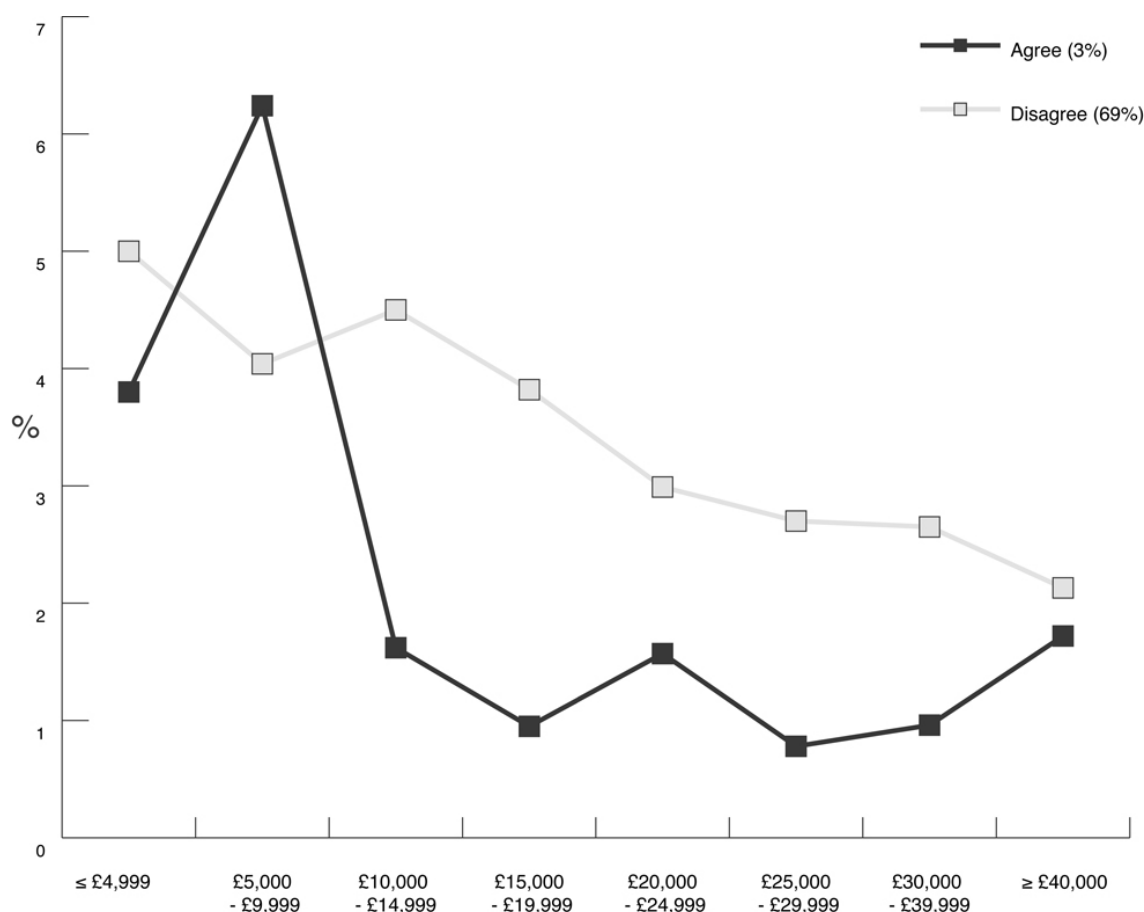


Based on response to Q22, statement 12 "One of the greatest satisfactions in life comes from giving to others" (42% gave no answer or had no opinion)

These two attitudinal variables appear in various discussions in the literature on charitable giving.

The notion of 'warm glow', which is said to result from charitable giving, was raised by Andreoni's theoretical exposition of this factor (1990). However, Brown (1997:175) dismisses this notion as atomistic because it 'treats donations like expenditure on any other consumption good with no more explanation of why people give than of why people spend money on cars or cappuccino'.

Graph 12: Charitable giving as a percentage of income by donors' seeking repentance for sins



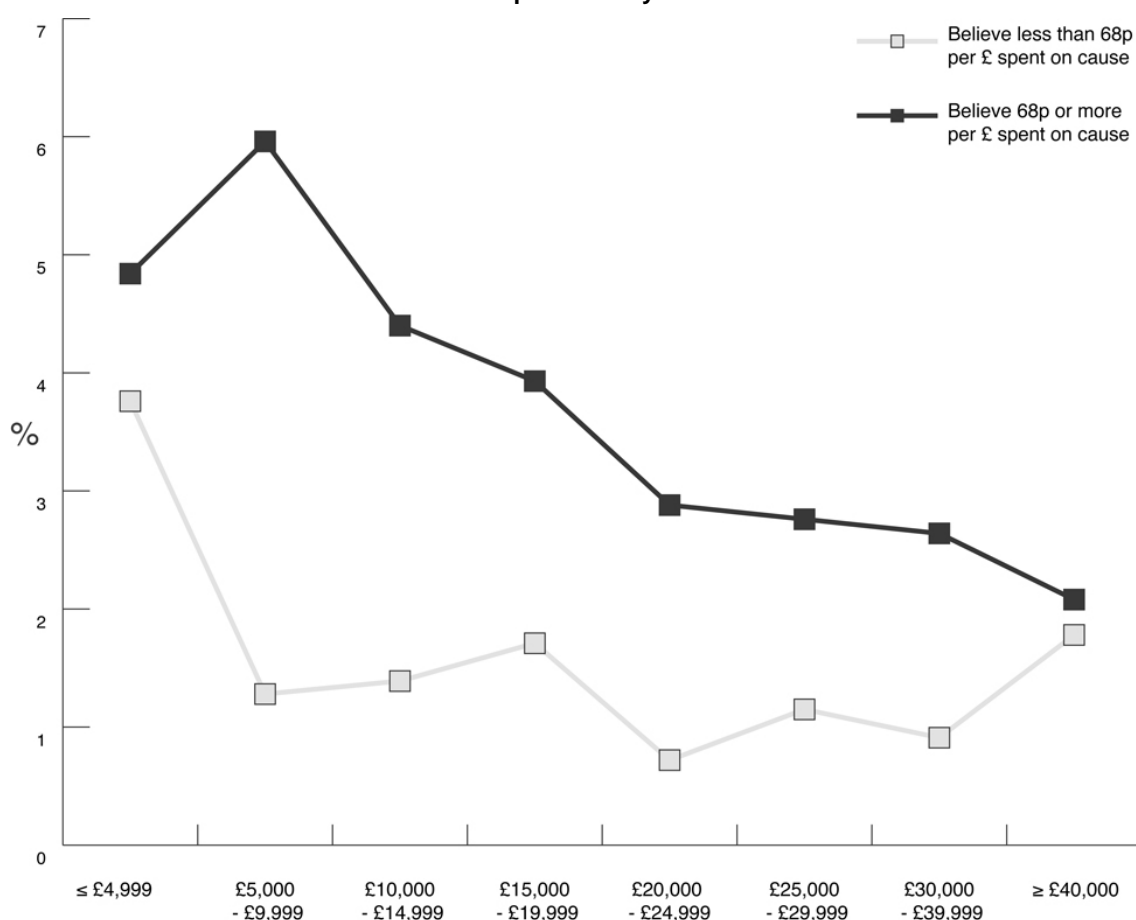
Based on Q22, statement 15 "Supporting charity allows me to seek repentance for my sins"
(28% gave no answer or had no opinion)

In his historical study of British philanthropy, Prochaska (1990: 386) notes that much charitable activity was in fact concerned with establishing the status of the giver here on earth, or ensuring a secure future for their souls in the afterlife. 'With so many philanthropists fighting their own corner or working out their own salvation, one may be excused for thinking that the charitable world was confusion tempered by self-interest'.

The research findings did not support the importance of either of these variables. In fact, both attitudinal questions attracted very skewed numerical responses. Only 122 respondents did not get satisfaction from giving and only 34 donors saw giving as a route to salvation, leaving around 90% of respondents supporting the majority view in both cases, that they got a 'warm glow' from giving and they did not give to seek repentance for their sins. Whilst these figures are too low to provide a robust explanation for the findings, they do confirm the view from the literature and from the interviewees that these are not significant variables in explaining giving

behaviour. As Farsides says, 'people who give don't claim that either of these things are their main motivations. The main reason people give is the expected one, that people want to help others - not to make themselves feel good or to get repentance for their sins' (interview 4).

Graph 13: Charitable giving as a percentage of income by donors' belief in how well charities spend money



Based on Q6 "On average, across all the charities to which you make a contribution, for every £1 that you donate, how much do think is spent on the cause (in pence)?"

This graph has been plotted based on the answers to the question '[O]n average, across all the charities to which you make a contribution, for every £1 that you donate, how much do you think is actually spent on the cause?'. The mean response was £0.68 pence and the two lines on graph 13 represent those who believe that more or less than this amount is spent on the cause.

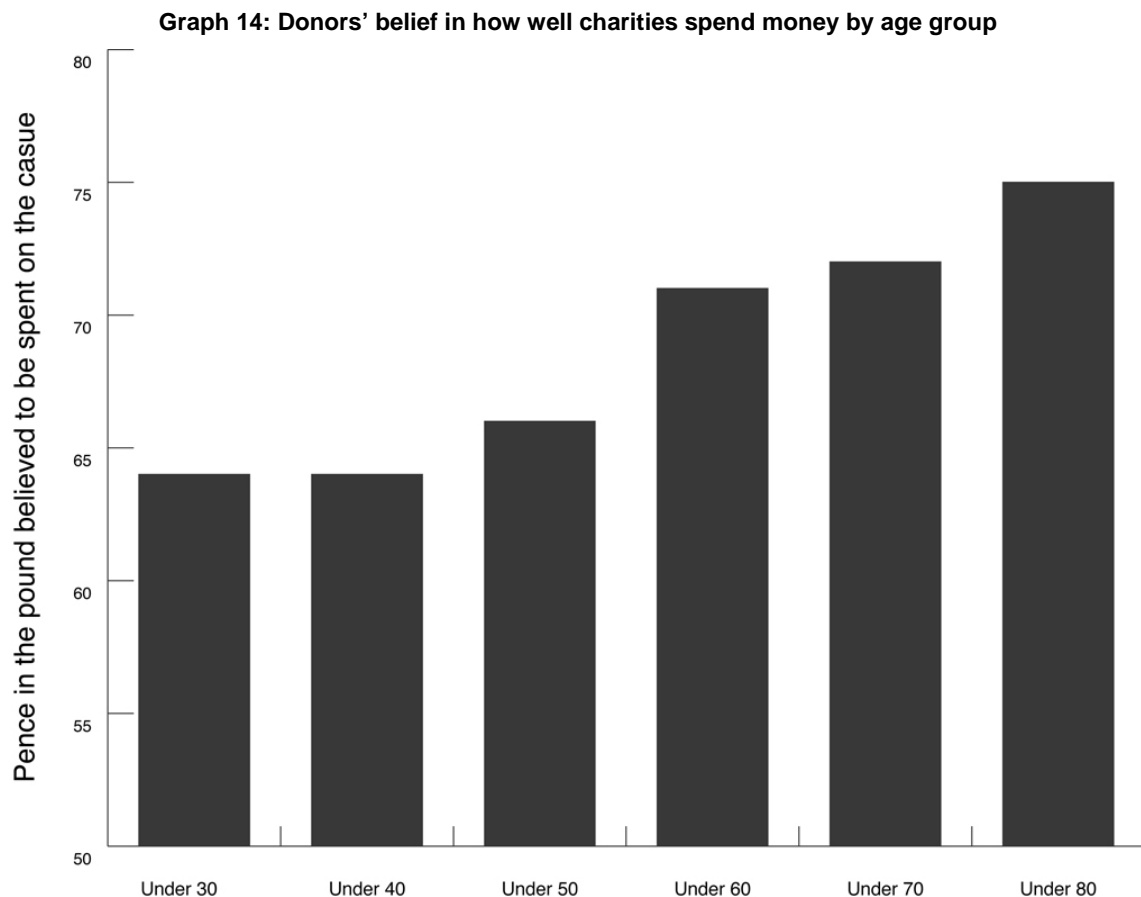
Attempts to promote trust and confidence in charities (examples include, the three year government- and sector-funded 'Giving Campaign' which ran from 2001-2004 and the sector-run IMPAct coalition launched in the summer of 2005) appear to be based on well founded premises, as the line on the graph for those who believe in the efficiency of charitable expenditure peaks at giving away over 6% of their income. This is one of the highest levels of

giving found in this research. The two lines converge at the higher income end, indicating perhaps that richer donors seek less value-for-money.

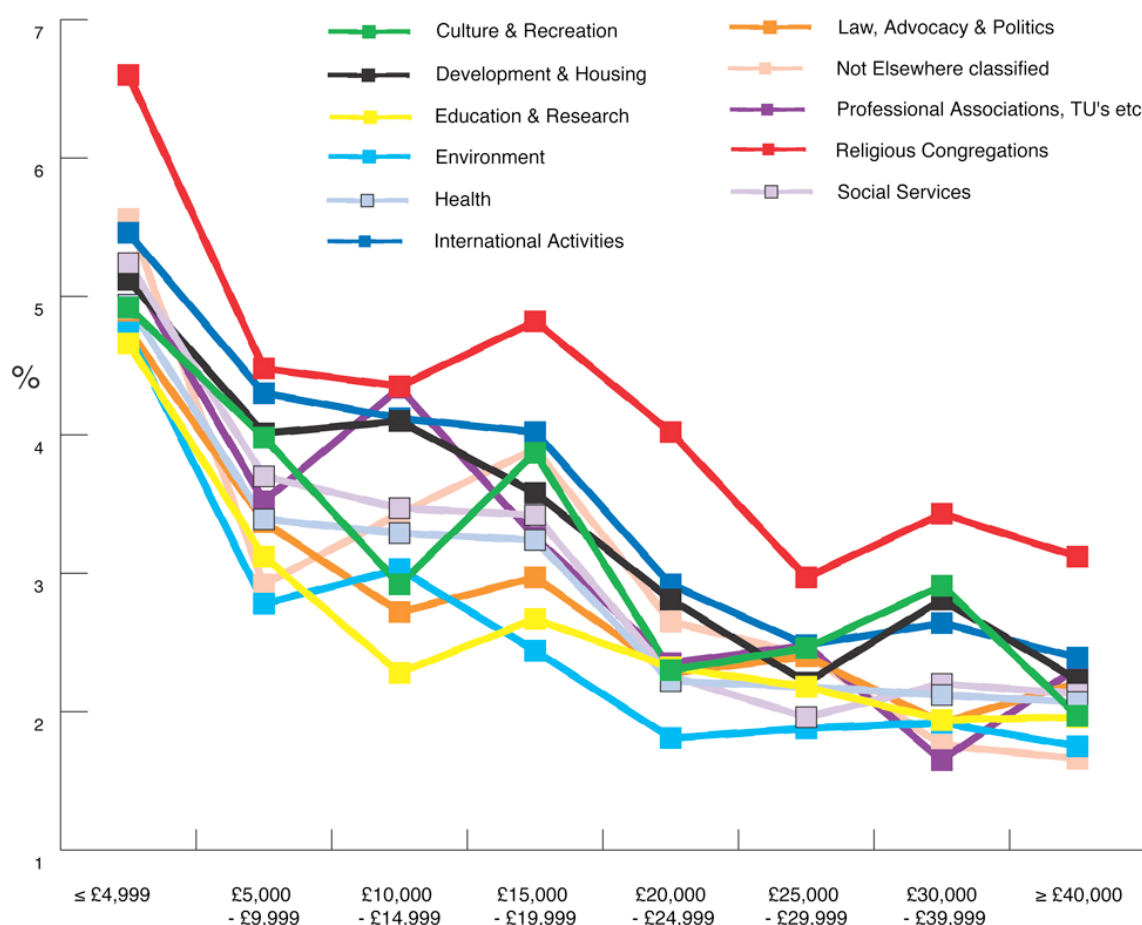
However, Jas warns this graph may contain multiple, complex factors (interview 6) and Pharoah also argues that efficiency criteria should not be overstated, because 'people don't give just because a charity is "hygienic", they have to believe in the cause' (interview 9).

Sargeant reports that non-givers believe only £0.45 pence in the pound is spent on the cause (interview 3). However, Jas warns of the dangers of post-hoc rationalisation, whereby non-givers and low-givers explain their behaviour, by expressing the belief that donations are not well spent (interview 6).

On the advice of Farsides, the findings for this question were re-calculated by age group (graph 14). This graph shows that there may be a declining belief in the efficiency of charities by age group, which may reflect the trend towards less trust in institutions, that is said to lie behind other behaviours, for example, attitudes towards voting (Bentley, 2000).



Graph 15: Charitable giving as a percentage of income to charitable subsectors by ICNPO classifications



Based on Q2 "How likely would you be to support each of the following categories of cause?"

The final graph is based on a question, which asked respondents to identify how likely they would be to support any of 27 categories of cause that are listed. Two manipulations were undertaken to make this data meaningful for analysis. Firstly, all who answered 'likely' or 'very likely' were re-coded as 'Yes' in order to make the figures available for calculations. Secondly, the 27 causes were translated into the 11 categories used by the ICNPO classification (see Appendix B). This latter coding involved a degree of uncertainty and imposition of judgement. For example, 'pets' were categorised as 'environment' rather than 'recreation', on the basis that animals are part of the natural world and 'blind' was categorised as 'health' rather than 'education and research', on the basis that blind charities do not all involve research, yet blindness has obvious health implications. Whilst another researcher may well have made different judgements in allocating these classifications, the outcome of this manipulation is

worthwhile, in that it enables an analysis of giving to charitable sub-sectors, discussed in the context of a wider, international body of research.

Further 'health warnings' given for graph 15 are as follows:

- some of the lines on this graph, such as 'health' and 'social services' represent a large percentage of the overall dataset; they therefore reproduce the shape of graph 2;
- as the average respondent indicated 11 causes for support, to some extent the lines on this graph repeat the same finding; and
- respondents are indicating attitude rather than behaviour, as the questions asks about likelihood of supporting, rather than whether they actually support a cause.

Clotfelter (1992) deconstructs the term 'charity' into sub-sectors of the US non-profit sector and demonstrates that different types of donors support different sub-sectors, with greater and lesser degrees of enthusiasm. For example, he found that the lowest income households gave 59% of their gifts to religious appeals, but no significant donations to cultural organisations, whereas givers in the highest income bracket gave 9% of their gifts to both cultural and religious organisations. Clotfelter's (1992) study also attempted to control for the fact that different sub-sectors of the non-profit landscape are likely to be more or less oriented to the poor. For example, one might expect cultural organisations to have more wealthy clients than a soup kitchen. On this basis, human social services are identified as the sub-sector most likely to involve pro-poor benefits. However, data reported from Salamon's Urban Institute Non Profit Sector Survey (1992) found that, 'only a quarter of the non-profit human services agencies we surveyed focus primarily on services to the poor' (Salamon, 1992:150) whilst 53% of human services agencies had few or no poor clients.

When Clotfelter's thesis is applied to the findings plotted on graph 15, it does not show different shaped curves for different charitable sub-sectors. On the contrary, it demonstrates a remarkable consistency; no matter what the nature of the cause, people on lower incomes give relatively more generous gifts than donors on higher incomes.

The explanation for this finding is likely to lie in the nature of the data used to address the question. As Pharoah (interview 9) explained, 'people who give a lot of money to high-brow arts charities are not in this sample'. A fundamental problem with this dataset is that it reflects giving to 10 major charities, rather than big gifts to highly specialised institutions, such as the Royal Opera House. In order to confirm or reject the hypothesis that rich and poor demonstrate distinct giving patterns to distinct types of charity, a dataset with specific information on donors to certain organisations is required. Any differences that were discerned in this scenario would

then require a qualitative research methodology, using for instance focus groups to investigate underlying attitudes towards different types of charitable organisation.

Halfpenny describes an 'encounter-effect' whereby the number of organisations that fundraise in different charitable sub-sectors affects the amount they receive (interview 7). If, in a typical year, over half of the solicitations received are from medical research charities, then greater donations to this sub-sector are attributable to 'more asks' rather than a more substantive rationale that relates to the donor or the cause itself. Similarly Hodgkinson (2000) argued strongly that it is being asked, above all other potential variables, that most affects giving patterns and levels.

7. Conclusions

Re-affirming the U-shaped curve

Whilst the graphs show some interesting variations, which indicate different levels of giving, the research findings do not lead to a radical re-drawing of the U-shaped curve, as originally hypothesised.

A negative correlation between income and percentage of income given to charity has previously been demonstrated in earlier studies and discussed in the literature. This research adds to that knowledge by showing that this relationship holds constant across a wide range of demographic characteristics of donors, personal explanations of giving behaviour and different charitable sub-sectors.

Limitations of the data and the need for further research

Given that the sample was drawn from the database of 10 major British charities, it may fail to capture the 'type of giving' that could, for instance, support the suggestion that giving to elite arts institutions would create a radically different shaped graph, from giving to a human services charity, with the former showing a positive correlation between wealth and percentage given. Such hypotheses require collection of more sophisticated data that can capture the wider scope of different kinds of gifts and givers.

The literature review highlighted inadequacies in the scope of the current body of work on the subject of charitable giving. Pharoah (1997) notes that as long as research is based on data from large, formal charitable institutions, our collective knowledge on 'giving' risks missing many types of donors, such as those who choose to support community groups, campaigns, self-help groups, clubs and societies, places of worship, trade unions and so on. This paper draws on a

similarly restricted sample of givers so future research should seek to avoid perpetuating this problem.

The importance of qualitative research

In addition to the sampling issue described, the use of qualitative research should be employed in future research. Quantitative survey data cannot capture subtlety in behaviour or attitudes, which are necessary if we wish to understand charitable behaviour.

Explaining the findings

Having expressed the preliminary reservations above, I now offer some suggestions to explain the remarkable consistency that appear in the graphs presented in this paper.

Firstly, fundraisers collude with givers' reluctance (or inability) to calculate a gift that relates to their income, such that the amount asked for, does not often reflect the true ability of rich donors to give. A typical direct marketing appeal will offer a range of gifts from, say, £2 to £250, but the potential donors reading that appeal, from poor pensioners to stockbrokers with million-pound bonuses, will have a range of incomes that surpass the range offered in the 'ask'.

Secondly, giving is a normative activity. As Halfpenny succinctly says, 'solicitation is random but giving is uniform' (interview 7). Rich and poor alike encounter street collectors, receive direct marketing material, are asked to sponsor events and so on. It appears that people's responses are governed more by normative attitudes towards appropriate amounts to give rather than a reflection of income levels. A critical interpretation of this situation is provided by Jencks (1987:325) who notes that '[O]nce asked, many people feel obliged to give 'something' but look for the minimum respectable gift'. As Sargeant explains, '[T]here are no acceptable norms in the UK, yet in the USA a large percentage of the population, tithe in some way. In Britain there's no guidance on how to give. People don't have any idea what they should or shouldn't be giving to charity' (interview 3). US research into 'giving' could usefully be compared with British data to provide empirical evidence that supports or disproves this.

Thirdly, I would argue that much fundraising is self-fulfilling. Having alighted on the 'Dorothy Donor' profile and targeted middle-class, home-owning, religious women with children, it must come as no surprise that these are the characteristics most frequently identified in actual donors. As Sargeant notes, 'targeting has been a self-fulfilling prophecy' (interview 3). Any conclusions on what variables relate to a 'propensity to give' must therefore be considered in the light of 'the propensity to be asked'.

These three explanations refer to technical aspects of fundraising, rather than 'softer' issues such as donor motivation or psychological and cultural rationales which are further explored in the final chapter.

8. Policy recommendations

If donating money to charity is a regressive phenomenon, as these graphs indicate, then the question of why social democratic governments should promote giving must be asked. Recent policies to promote giving, such as lowering the ceiling for tax-effective Gift Aid donations, incentivising GAYE, and funding a national 'Giving Campaign', could all be argued to run counter to the redistributive or equality agenda, that one might expect the current Labour government to pursue. However, the answer lies in understanding charitable activity as something bigger than the 'act of giving' and hence its importance regardless of the redistributive consequences. Giving is encouraged by progressive politicians in search of social justice because of the overall effect on society, of building social capital, and creating bonds that unite citizens.

Promoting giving, even if currently regressive, therefore continues apace as government policy, because of the wider societal benefits that it brings. A number of implications, for both fundraisers and policy makers, follow from this conclusion.

Opportunity to give versus inclination to give

There is a need to shift emphasis away from interrogating the intrinsic characteristics of donors and non-donors and to focus instead on more practical and technical issues, concerning the mechanics of fundraising. Changes in opportunities to give, such as reform of Gift Aid, incentives to use Give as You Earn (GAYE) and the relatively recent introduction of street or face-to-face fundraising, appear to have made more of a contribution to sustaining individual giving levels, than have any changes wrought by insights into the motivations to give. The question of the relative importance of opportunity to give, versus inclination to give, is a fascinating area worthy of further research.

More room at the top

The findings indicate that there is much more potential to tap the richer end of society for charitable donations. Fundraisers need to find ways to better segment their databases, so that they can ask their richer donors for more. It is also important to highlight the differential in relative giving, to encourage the better off to give gifts that more accurately reflect their higher disposable incomes. Such strategies have the double advantage of increasing overall giving

and smoothing out the U-shaped curve, thereby making giving a more redistributive, or at least a less regressive, phenomenon.

Re-defining public benefit

Whilst there is no compulsion for charitable activity to be redistributive, popular understanding of 'charity' involves an expectation that organisations receiving tax breaks and other benefits that accrue from charitable status, serve the disadvantaged to a greater extent than is presently the case. As we have seen, in both the discussion on the costs of giving and receiving, and the consistent negative correlations found between income and giving in this research, the notion of redistribution is not especially significant for understanding modern charitable behaviour. This implies that the time is ripe for a re-definition of the notion of 'public benefit' that more accurately captures our attitudes towards charitable organisations. This would help ensure that our institutional framework better reflects the reality of the role of charitable behaviour in the 21st century.

Promoting social capital

A greater understanding of the importance of social capital (Putnam, 2000, NCVO, 2001), where the focus is as much on the societal benefits of participating in voluntary activity, as it is on receipt of tangible charitable benefit by the needy, implies that charitable activity is a good, per se, regardless of its redistributive consequences. Voluntary organisations should therefore be able to operate within a framework that acknowledges the presence, and even pre-eminence, of donor-benefit. The pro-poor orientation of charities that do serve the disadvantaged could be promoted and preserved, by offering less beneficial tax and regulatory packages to 'social capital' organisations.

The difficulty in reaching conclusions on charitable behaviour

Although I have attempted to draw conclusions and policy implications from this research, many caution against any search for certainty in this field.

Clotfelter (1992), who provided the inspiration for this study, concludes that 'the closer one gets to the object of study, the more diversity one discovers there is great diversity within the non-profit sector and no overarching conclusions about distributional impact can be made' (1992:22).

Perhaps the most fundamental problem for any discussion of appropriate levels of giving in relation to income and potential benefits received, is described by Lloyd (1993: 17) who notes '[T]here is, as yet, no consensus about charity's proper place and role in the world'.

This paper makes a contribution to our understanding of the phenomena of charitable giving by demonstrating that the poor consistently give away more of their income than the rich, regardless of the donors' socio-demographic, attitudinal and behavioural characteristics. However, the complexity involved in comprehending charitable behaviour, the definitional problems inherent in this subject, and the paucity of good quality research all hinder great progress in understanding charitable behaviour.

Therefore, whilst it is hoped that this paper adds something to our sum of understanding about charitable behaviour, a wider societal debate is needed about the meaning, purpose and organisation of charitable giving at the start of the new millennium.

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Appendix A

List of expert Interviewees and their titles/organisations at time of interview

- 1 Robert Johnston, Fundraising Director, Cardinal Hume Centre
- 2 Helen Wright, Direct Marketing Director, Cancer Research Campaign
- 3 Professor Adrian Sargeant, Henley Management College
- 4 Dr. Tom Farsides, University of Sussex
- 5 Margaret Bolton, Head of Policy, National Council for Voluntary Organisations
- 6 Pauline Jas, Research Officer, National Council for Voluntary Organisations
- 7 Professor Peter Halfpenny, University of Manchester
- 8 Cathy Pharoah, Head of Research, Charities Aid Foundation
- 9 Andrew Watt, Head of Policy, Institute of Fundraising

Appendix B

Recoding charitable sub-sectors from the Charity Donor Survey into ICNPO classifications

Categories in Charity Donor Survey	ICNPO Classifications
<ul style="list-style-type: none"> Arts National Heritage 	<ul style="list-style-type: none"> Culture & Recreation
<ul style="list-style-type: none"> Cancer Research Medical Research 	<ul style="list-style-type: none"> Education & Research
<ul style="list-style-type: none"> Aids Blind Cancer Care Deaf Drugs Hospitals Physical Disabilities 	<ul style="list-style-type: none"> Health
<ul style="list-style-type: none"> Children Mental Health Old Age 	<ul style="list-style-type: none"> Social Services
<ul style="list-style-type: none"> Animal Welfare Birds Environmental Pets Wildlife 	<ul style="list-style-type: none"> Environment
<ul style="list-style-type: none"> Homeless 	<ul style="list-style-type: none"> Development & Housing
<ul style="list-style-type: none"> Civil Liberties Women's Issues 	<ul style="list-style-type: none"> Law, Advocacy & Politics
<ul style="list-style-type: none"> Disaster Relief Third World 	<ul style="list-style-type: none"> International Activities
<ul style="list-style-type: none"> Religious 	<ul style="list-style-type: none"> Religious Congregations
<ul style="list-style-type: none"> Service / Ex-service 	<ul style="list-style-type: none"> Professional Associations, Trade Unions etc.
<ul style="list-style-type: none"> Cubs / Scouts 	<ul style="list-style-type: none"> Not elsewhere classified